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8. There are transferred to the Department of the Treasury (a) the functions of the Office of Contract Settlement, (b) the Appeal Board established under section 13 (d) of the Contract Settlement Act of 1944, (c) the Contract Settlement Advisory Board created by section 5 of the said Act, and (d) the functions of such boards, which shall remain vested therein, respectively. The functions of the Director of Contract Settlement, and the functions of the Director of War Mobilization and Reconversion under section 101 (b) of the War Mobilization and Reconversion Act of 1944 with respect to the Office of Contract Settlement, are transferred to the Secretary of the Treasury.	
9. The functions of the Financial Reporting Division of the Office of Price Administration, together with the functions of the Price Administrator with respect thereto, are transferred to the Federal Trade Commission.	
10. (a) The National Wage Stabilization Board is terminated.	

(b) The functions heretofore vested in the National Wage Stabilization Board pursuant to the provisions of section 5 (a) of the Stabilization Act of 1942, as amended, are transferred to the Department of the Treasury.

(c) The functions under section 5 of the War Labor Disputes Act now vested in the National Wage Stabilization Board shall be administered by a special board or boards to be constituted as may be necessary by the Secretary of Labor from among the members of a panel to be appointed by the President for that purpose.

(d) The tripartite Steel Commission (created by the National War Labor Board on March 30, 1945) shall continue to carry out its functions within the Department of Labor until such date as the Secretary of Labor may fix for its termination.

(e) All other functions of the National Wage Stabilization Board are transferred to the Secretary of Labor.

11. The authority, records, property, and personnel which relate primarily to the functions redistributed by this order are transferred to the respective agencies in which functions are vested pursuant to the provisions of this order and the funds which relate primarily to such functions are transferred or otherwise made available to such respective agencies: *Provided*, That the Director of the Bureau of the Budget may in any case limit the records, property, personnel, and funds to be so transferred or made available to so much thereof as he deems to be required for the administration of the transferred functions. Such further measures and dispositions as may be determined by the Director of the Bureau of the Budget to be necessary to effectuate the purposes and provisions of this paragraph shall be carried out in such manner as the Director of the Bureau of the Budget may direct and by such agencies as he may designate. All personnel transferred under the provisions of this order which the transferred agencies shall respectively find to be in excess of the personnel necessary for the administration of the functions transferred to such agencies by this order shall, if not retransferred under existing law to other positions in the Government, be separated from the service.

12. All prior Executive orders or parts thereof in conflict with this order are amended accordingly. All other prior orders, regulations, rulings, directives, and other actions relating to any function or agency transferred by this order or issued by any such agency shall remain in effect except as they are inconsistent herewith or are hereafter amended or revoked under proper authority.

13. The provisions of this order shall become effective immediately except that the provisions of paragraph 10 hereof, and those of paragraph 11 to the extent that they relate to the functions referred to in paragraph 10, shall become effective on February 24, 1947.

HARRY S. TRUMAN

THE WHITE HOUSE,

December 12, 1946.

[F. R. Doc. 46-21602; Filed, Dec. 12, 1946; 11:38 a. m.]

Regulations

TITLE 5—ADMINISTRATIVE PERSONNEL

Chapter I—Civil Service Commission

PART 60—ORGANIZATION AND OFFICIAL RECORDS OF THE COMMISSION

CHIEF LAW OFFICER

Section 60.5 *Chief Law Officer* is amended to read as follows:

§ 60.5 *Chief Law Officer*. The Chief Law Officer advises the Commission, the Executive Director and Chief Examiner and division chiefs on legal questions pertinent to Commission policies and operations. He is responsible for drafting or reviewing drafts of legislation, Executive orders and regulations. He adjudicates appeals of veteran preference eligibles that are filed under the Veterans' Preference Act of 1944. He is responsible for the enforcement of the statutes and civil service rules relating to political activity of Federal and State employees. With respect to State employees he authorizes and is responsible for the investigation of complaints, the filing of charges, where the report of investigation so warrants, and the presentation of the Commission's side of the case before the hearing examiner when hearings are held. With respect to Federal employees he authorizes and is responsible for the investigation of complaints, the filing of proposed orders, where the report of investigation so warrants, and, in cases in which no hearing is held, recommending final decision to be made. (Pub. Law 404, 79th Cong.; 60 Stat. 237.)

[SEAL] UNITED STATES CIVIL SERVICE COMMISSION,
H. B. MITCHELL,
President.

[F. R. Doc. 46-21445; Filed, Dec. 12, 1946;
8:47 a. m.]

TITLE 7—AGRICULTURE

Chapter I—Production and Marketing Administration (Standards, Inspection, Marketing Practices)

PART 51—FRUITS, VEGETABLES AND OTHER PRODUCTS (GRADING, CERTIFICATION AND STANDARDS)

UNITED STATES STANDARDS FOR FRESH FRUITS AND VEGETABLES AND OTHER PRODUCTS

Pursuant to the provisions of the Department of Agriculture Appropriation Act, 1947 (Pub. Law 422, 79th Cong., 2d Sess., approved June 22, 1946), the following United States Standards for Shallots (bunched) are hereby promulgated:

§ 51.390 *Shallots (bunched)*—(a)
Grades—(1) U. S. No. 1 shall consist of shallots of similar varietal characteristics, which are fairly well formed, firm, young and tender, well trimmed, fairly clean, free from decay, and from damage caused by seedstems, foreign material, disease, insects, mechanical or other means. The tops shall be fresh, of good green color, and free from damage caused by broken or bruised leaves.

(i) Unless otherwise specified, the overall length (roots excepted) of the shallots shall not exceed 22 inches and the shallots shall be not less than one-fourth of an inch or more than three-fourths of an inch in diameter.

(ii) Tolerance for defects. In order to allow for variations, other than size, incident to proper grading and handling, not more than a total of 10 percent, by count, of the shallots in any lot may fail to meet the requirements of this grade, but not more than 5 percent shall be allowed for defects causing serious damage, including not more than 2 percent for shallots affected by decay.

(iii) Tolerance for size. Not more than a total of 10 percent, by count, of the shallots in any lot may fail to meet the requirements as to the specified length, minimum diameter, or maximum diameter, but not more than 5 percent shall be allowed for any one of the requirements for size.

(2) U. S. No. 2 shall consist of shallots which are not badly misshapen, and which are fairly firm, fairly young and tender, fairly well trimmed, fairly clean, free from decay and from serious damage caused by seedstems, foreign material, disease, insects, mechanical or other means. The tops shall be fresh, of fairly good green color, and free from serious damage caused by broken or bruised leaves.

(i) Unless otherwise specified, the minimum size of the shallots shall be not less than one-fourth of an inch in diameter.

(ii) Tolerance for defects. In order to allow for variations, other than size, incident to proper grading and handling, not more than a total of 10 percent, by count, of the shallots in any lot may fail to meet the requirements of this grade, including not more than 2 percent for shallots affected by decay.

(iii) Tolerance for size. Not more than a total of 10 percent, by count, of the shallots in any lot may fail to meet the requirements of the specified minimum or maximum diameter, but not more than 5 percent shall be allowed for either of the requirements for size.

(iv) Unclassified shall consist of shallots which are not graded in conformity with either of the foregoing grades. The term "unclassified" is not a grade within the meaning of these standards but is provided as a designation to show that no definite grade has been applied to the lot.

(b) *Size*. The following terms and definitions are provided for describing the diameters of any lot:

"Small" means less than $\frac{3}{8}$ inch.

"Medium" means $\frac{3}{8}$ to $\frac{3}{4}$ inch, inclusive.

"Large" means over $\frac{3}{4}$ inch.

(c) *Standard bunches*. (1) Bunches shall be fairly uniform in size and the shallots in the individual bunches shall also be of fairly uniform size. The weight of the bunches shall be not less than 4 pounds per dozen bunches. The weight of the bunched shallots shall be

determined after they have been wet and shaken or drained to remove excess water.

(2) In order to allow for variations incident to proper bunching, not more than 10 percent, by count, of the bunches in any lot may fail to meet the requirements for standard bunches.

(d) *Application of tolerances.* The contents of individual containers in the lot, based on sample inspection, are subject to the following limitations, provided the averages for the entire lot are within the tolerances specified:

(1) When a tolerance is 10 percent or more, individual containers in any lot shall have not more than one and one-half times the tolerance specified, except that at least one defective and one off-size specimen may be permitted in any container.

(2) When a tolerance is less than 10 percent, individual containers in any lot shall have not more than double the tolerance specified, except that at least one defective and one off-size specimen may be permitted in any container.

(e) *Definitions.* (1) "Similar varietal characteristics" means that the shallots shall be generally of one type, as stiff-leaved or broad-leaved type.

(2) "Fairly well formed" means that the shallot is not more than slightly curved, crooked, or otherwise slightly misshapen and does not show more than slight bulb formation.

(3) "Firm" means that the edible portion of the shallot is not soft.

(4) "Well trimmed" means that the shallots are separated so that not more than two are attached together; that the individual bulbs are not broken above the point of root attachment and are practically free from dead, discolored or slick outer skins. Fresh, clean, loose skins which do not materially affect the appearance of the individual shallot or the bunch are permitted. The tops of shallots are sometimes clipped (pinched) back to remove discolored or otherwise injured leaves. An individual plant shall be considered as well trimmed when only the tips of the leaves have been clipped back. However, a plant or a lot shall not be considered as well trimmed when more than half of the leaves have been clipped back to the extent that the appearance of the plant, or the lot as a whole is materially injured.

(5) "Fairly clean" means that the appearance of the shallot is not materially injured by dirt.

(6) "Damage" means any injury or defect which materially affects the appearance or edible or shipping quality.

(i) *Seedstems.* A shallot with a seedstem shall be considered as damaged if the seedstem has been broken at a point other than at the top, or is coarse, fibrous, hollow or soft, or has separated naturally from the sheath or skin. Shallots often show flower buds while the seedstem is still tender. Such shallots are not objectionable if the flower buds have been removed, or if present, are not noticeably protruding; however, a shallot with a seedstem which, after the flower bud has been removed, exceeds the length of the long-

est leaves of the plant, shall be considered as damaged.

(7) "Fresh" means that the tops are not withered or badly wilted.

(8) "Good green color" means that the tops have a normal green color characteristic of healthy plants. A slight discoloration of the extreme tips is not objectionable.

(9) "Diameter" means the greatest dimension of the shallot taken at right angles to the longitudinal axis. If the shallots are attached together only at the base (not enclosed in a single parchment-like sheath or skin) they shall be considered as separate shallots when determining size.

(10) "Not badly misshapen" means that the shallot is not badly curved or crooked and does not show excessive bulb formation.

(11) "Fairly firm" means that the edible portion of the shallot is not more than slightly soft.

(12) "Fairly young and tender" means that the shallot is not tough, stringy, or advanced to the stage where the neck is flabby.

(13) "Fairly well trimmed" means that the shallots are separated so that not more than three are attached together; that the individual bulbs are not broken above the point of root attachment and are reasonably free from dead, discolored or slick outer skins. Fresh, fairly clean, loose skins which do not seriously affect the appearance of the individual shallot or the bunch are permitted. An individual plant with all the tops clipped (pinched) back shall be considered as "fairly well trimmed" provided that not more than half of the leaves have been clipped (pinched) back to less than 8 inches in length.

(14) "Serious damage" means any injury or defect which seriously affects the appearance, or the edible or shipping quality.

(i) Seedstems which are excessively coarse or fibrous shall be considered as serious damage.

(ii) Badly broken or badly bruised tops shall be considered as serious damage.

(15) "Fairly good green color" means that the tops are pale or yellowish green or otherwise slightly discolored.

These standards for shallots (bunched) hereby supersede the standards that have been in effect since October 3, 1941.

It is hereby found and determined that compliance with the notice, public rule making procedure, and effective date requirements of the Administrative Procedure Act (60 Stat. 237; Pub. Law 404, 79th Cong., 2d Sess.) in connection with the issuance of these revised standards, is impracticable, unnecessary and contrary to the public interests in that: (1) The standards for shallots have been in the process of revision since March 1946 and the revised standards have been prepared on the basis of suggestions of growers, packers, shippers and other handlers of shallots; (2) the issuance of the revised standards, effective December 16, 1946, is necessary to make such standards conform to present handling and packing practices; and (3) the issuance of the revised standards which includes only minor changes should be

accomplished as soon as possible because the seasonal shipments of shallots have begun.

(Pub. Law 422, 79th Cong.; Delegation of authority to Administrator of Production and Marketing Administration, July 11, 1946, 11 F. R. 7713)

Issued at Washington, D. C., this 10th day of December 1946, to be effective on and after the 16th day of December 1946.

[SEAL] JESSE B. GILMER,
Acting Administrator, Production and Marketing Administration.

[F. R. Doc. 46-21459; Filed, Dec. 12, 1946;
8:46 a. m.]

TITLE 8—ALIENS AND NATIONALITY

Chapter I—Immigration and Naturalization Service, Department of Justice

PART 110—PRIMARY INSPECTION AND DETENTION

BAUDETTE MUNICIPAL AIRPORT

CROSS REFERENCE: For notice of proposed rule making under this part, see F. R. Doc. 46-21457, Department of Justice, Immigration and Naturalization Service, in Notices section, *infra*.

PART 110—PRIMARY INSPECTION AND DETENTION

DISCONTINUANCE OF CASWELL, MAINE, AS A CLASS B PORT OF ENTRY

DECEMBER 4, 1946.

Section 110.1, Chapter I, Title 8, Code of Federal Regulations is amended by deleting "Caswell, Maine" from the list of Class B ports of entry in District No. 1.

This order shall be considered as having become effective at the close of business on November 30, 1946. The publication of notice and the public procedure prescribed by section 4 of the Administrative Procedure Act (Pub. Law 404, 79th Cong.; 60 Stat. 238) are found unnecessary and impracticable for the reasons that (1) on November 30, 1946, Caswell, Maine, ceased to be a customs port; (2) the immigration inspection at Caswell, Maine, had been conducted by designated customs inspectors; (3) the volume of traffic in that vicinity normally diminishes at this season; and (4) other places which are ports of entry for aliens are located in the vicinity of Caswell, Maine.

(Sec. 23, 39 Stat. 892, sec. 24, 43 Stat. 166, sec. 37 (a), 54 Stat. 675; 8 U. S. C. 102, 222, 458; sec. 1, Reorg. Plan No. V, 3 CFR, Cum. Supp., Ch. IV; 8 CFR, 1943 Supp., 90.1)

T. B. SHOEMAKER,
Acting Commissioner of
Immigration and Naturalization.

Approved: December 7, 1946.

TOM C. CLARK,
Attorney General.

[F. R. Doc. 46-21458; Filed, Dec. 12, 1946;
8:51 a. m.]

TITLE 21—FOOD AND DRUGS

Chapter I—Food and Drug Administration

PART 146—CERTIFICATION OF BATCHES OF PENICILLIN-CONTAINING DRUGS

MISCELLANEOUS AMENDMENTS

By virtue of the authority vested in the Federal Security Administrator by the provisions of section 507 of the Federal Food, Drug, and Cosmetic Act (52 Stat. 1040, as amended by 59 Stat. 463; 21 U. S. C., Sup. V, 357), the regulations for the certification of batches of penicillin-containing drugs (11 F. R. 12136), as amended, are hereby further amended as indicated below:

1. Section 146.25 (a) is amended to read:

(a) *Standards of identity, strength, quality, and purity.* Penicillin in oil and wax is a suspension of calcium penicillin or potassium penicillin in a menstruum of refined peanut oil or sesame oil in which white wax is dispersed. Its potency is 100,000 units, 200,000 units, or 300,000 units per milliliter except if it is packaged and labeled solely for udder instillations of cattle its potency is 2,000 units per milliliter. The content of white wax in the menstruum before the addition of the calcium penicillin or the potassium penicillin is not less than 3 percent (w/v) if the potency is to be not more than 200,000 units per milliliter, and not less than 4.7 or more than 4.9 percent (w/v) if the potency is to be 300,000 units per milliliter. Its moisture content is not more than 1.0 percent. It is sterile. The calcium penicillin or potassium penicillin used conforms to the requirements of § 146.24 (a) except subparagraph (7), but its potency is not less than 750 units per milligram if it is used in making a product of not more than 200,000 units per milliliter, and not less than 900 units per milligram if it is used in making a product containing 300,000 units per milliliter. The sesame oil used conforms to the standards prescribed therefor by the N. F. The white wax used conforms to the standards prescribed therefor by the U. S. P.

2. Section 146.25 (b) *Packaging* is amended by deleting the period at the end thereof and adding the following phrase: "or is packaged and labeled solely for udder instillations of cattle".

3. Section 146.25 (c) (1) *Labeling* is amended by deleting the word "and" at the end of subdivision (iii) and by deleting the period at the end of subdivision (iv) and substituting therefor ";" and" and by adding the following new subdivision:

(v) If it is represented to contain 2,000 units per milliliter, the statement "For udder instillations of cattle only".

The foregoing amendments shall become effective on the sixtieth day after the date of publication of this order in the FEDERAL REGISTER.

Notice and public procedure are not necessary prerequisites to the promulgation of this order and would be contrary to the public interest, and I so find, since it was drawn in collaboration with inter-

ested members of the affected industry, and since it would be against public interest to delay modification in certification of penicillin-containing products for udder instillation beyond the 60-day period permitted for effecting these changes.

(Sec. 507, 52 Stat. 1040, as amended, 59 Stat. 463; 21 U. S. C., Supp. V, 357)

Dated: December 10, 1946.

[SEAL] WATSON B. MILLER,
Administrator.

[F. R. Doc. 46-21473; Filed, Dec. 12, 1946;
8:46 a. m.]

TITLE 26—INTERNAL REVENUE

Chapter I—Bureau of Internal Revenue

Subchapter A—Income and Excess Profits Taxes

[T. D. 5546]

PART 29—INCOME TAX; TAXABLE YEARS
BEGINNING AFTER DECEMBER 31, 1941EXCLUSION OF INCOME FROM DISCHARGE OF
INDEBTEDNESS AND TIME FOR CLAIMING RE-
FUND WITH RESPECT TO WAR LOSSES

In order to conform Regulations 111 (26 CFR, Part 29) to Public Law 578, 79th Congress, approved July 31, 1946, such regulations are amended as follows:

PARAGRAPH 1. There is inserted immediately preceding § 29.22 (b) (9)-1 of Regulations 111 the following:

PUBLIC LAW 578 (79TH CONGRESS, 2D SESSION),
APPROVED JULY 31, 1946.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 22 (b) (9) and (10) of the Internal Revenue Code, relating to the exclusion of income from the discharge of indebtedness, be amended by striking out "1946" in each of such paragraphs and inserting in lieu thereof "1947".

PAR. 2. Section 29.22 (b) (9)-1 of Regulations 111, as amended by Treasury Decision 5517, approved June 12, 1946, is further amended by striking from the first paragraph and from the third paragraph "January 1, 1947" and inserting in lieu thereof in each instance "January 1, 1948".

PAR. 3. There is inserted immediately preceding § 29.22 (b) (10)-1 of Regulations 111 the following:

PUBLIC LAW 578 (79TH CONGRESS, 2D SESSION),
APPROVED JULY 31, 1946.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 22 (b) (9) and (10) of the Internal Revenue Code, relating to the exclusion of income from the discharge of indebtedness, be amended by striking out "1946" in each of such paragraphs and inserting in lieu thereof "1947".

PAR. 4. Section 29.22 (b) (10)-1 of Regulations 111, as amended by Treasury Decision 5517, is further amended by striking from the first sentence and from the last sentence "January 1, 1947" and inserting in lieu thereof in each instance "January 1, 1948".

PAR. 5. There is inserted immediately preceding § 29.322-1 of Regulations 111 the following:

PUBLIC LAW 578 (79TH CONGRESS, 2D SESSION),
APPROVED JULY 31, 1946

EXTENSION OF TIME FOR CLAIMING CREDIT OR
REFUND WITH RESPECT TO WAR LOSSES

SEC. 2. If a claim for credit or refund under the internal-revenue laws relates to an overpayment on account of the deductibility by the taxpayer of a loss in respect of property considered destroyed or seized under section 127 (a) of the Internal Revenue Code, relating to war losses, for a taxable year beginning in 1941 or 1942, the three-year period of limitation prescribed in section 322 (b) (1) of the Internal Revenue Code shall in no event expire prior to December 31, 1947. In the case of such a claim filed on or before December 31, 1947, the amount of the credit or refund may exceed the portion of the tax paid within the period provided in section 322 (b) (2) or (3) of the Internal Revenue Code, whichever is applicable, to the extent of the amount of the overpayment attributable to the deductibility of the loss described in this section.

PAR. 6. Section 29.322-7, Regulations 111, as amended by Treasury Decision 5516, approved May 27, 1946, is further amended by changing the last sentence of paragraph (a) of such section to read as follows: "The provisions of this paragraph are subject to the exceptions provided in paragraphs (b), (c), (d), and (e) of this section and in section 2 of Public Law 578 (79th Congress), approved July 31, 1946, extending to December 31, 1947, the time for filing a claim for credit or refund based upon an overpayment of the tax as a result of the failure to take a war loss deduction in respect of property considered destroyed or seized under section 127 (a) of the Code for a taxable year beginning in 1941 or 1942."

PAR. 7. The amendment to Regulations 111 (26 CFR, Part 29) (covering taxable years beginning after December 31, 1941) made by paragraph 6 of this Treasury decision is hereby made applicable to taxable years beginning after December 31, 1940, and before January 1, 1942 (such years being covered by Regulations 103).

This Treasury decision is published without prior general notice of its proposed issuance for the reason that notice and public rule-making procedure in connection therewith are hereby found to be unnecessary. See section 4 (a) of the Administrative Procedure Act, approved June 11, 1946. Only minor technical amendments are made to the regulations.

This Treasury decision shall be effective on the 31st day after the date of its publication in the FEDERAL REGISTER.

(53 Stat. 32, 26 U. S. C. 62; Pub. Law 578, 79th Cong.)

[SEAL] WM. T. SHERWOOD,
Acting Commissioner of
Internal Revenue.

Approved: December 9, 1946.

JOSEPH J. O'CONNELL, Jr.,
Acting Secretary of the Treasury.

[F. R. Doc. 46-21471; Filed, Dec. 12, 1946;
8:45 a. m.]

TITLE 29—LABOR**Chapter VI—National Wage Stabilization Board****TERMINATION AND TRANSFER OF FUNCTIONS**

CROSS REFERENCE: For termination of the National Wage Stabilization Board and transfer of its functions to the Secretary of Labor, see Executive Order 9809, *supra*.

TITLE 32—NATIONAL DEFENSE**Chapter IX—Civilian Production Administration**

AUTHORITY: Regulations in this chapter unless otherwise noted at the end of documents affected, issued under sec. 2 (a), 54 Stat. 676, as amended by 55 Stat. 236, 56 Stat. 177, 58 Stat. 827, and Public Laws 270 and 475, 79th Congress; Public Law 388, 79th Congress; E. O. 9024, 7 F. R. 329; E. O. 9040, 7 F. R. 527; E. O. 9125, 7 F. R. 2719; E. O. 9599, 10 F. R. 10155; E. O. 9638, 10 F. R. 12591; C. P. A. Reg. 1, Nov. 5, 1945, 10 F. R. 13714; Housing Expediter's Priorities Order 1, Aug. 27, 1946, 11 F. R. 9507.

TRANSFER OF FUNCTIONS

CROSS REFERENCE: For transfer of the functions of the Civilian Production Administration to the Office of Temporary Controls, see Executive Order 9809, *supra*.

PART 944—REGULATIONS APPLICABLE TO THE OPERATIONS OF THE PRIORITIES SYSTEM

[PR 33, Amdt. 2 to Direction 13]

Priorities Regulation 33, Direction 13 is amended by changing paragraph (e) (2) to read as follows:

(2) *HH ratings for other "authorized materials".* For approved quantities of the other "authorized materials" (see paragraph (b) (5) above), he may use an HH rating by placing on his purchase orders a written certificate, as explained in Schedule A to Priorities Regulation 33.

Issued this 12th day of December 1946.

CIVILIAN PRODUCTION
ADMINISTRATION,
By J. JOSEPH WHELAN,
Recording Secretary.

[F. R. Doc. 46-21601; Filed, Dec. 12, 1946;
11:31 a. m.]

PART 984—LEAD

[General Preference Order M-38, as Amended Dec. 12, 1946]

The fulfillment of requirements for the defense of the United States has created a shortage in the supply of lead for defense for private account and for export; and the following order is deemed necessary and appropriate in the public interest and to promote the national defense:

§ 984.1 General Preference Order M-38—(a) *Scope of the order.* This order controls generally the use of lead. Lead

may be used only for the items and purposes set forth in the order. Other restrictions may also be found in other orders of the Civilian Production Administration relating to particular articles or parts. In such case the more restrictive provision governs. In no case shall any person use, purchase, sell, deliver or accept delivery of any lead in violation of this order.

(b) *Definitions.* For the purpose of this order:

(1) "Lead" means metallic lead, lead alloys, components or products (such as, but not limited to, sheet, pipe, ingot, castings and foil), in any form containing 50% or more by weight of the element lead (Pb). It includes battery lead oxide, but does not include other lead chemicals.

(2) "Battery lead oxide" means litharge, black oxide, red lead, basic lead sulphate or any other lead chemical produced from primary or secondary lead, for use in the manufacture of storage batteries.

(3) "Refiner" means any person who produces lead in refinery shapes, and includes any person who has such lead produced for him under toll agreement.

(4) "Dealer" means any person who procures lead either by importing or from domestic sources for sale or resale without change in form, whether or not such person receives title to or physical delivery of the material, and includes selling agents, warehousemen, and brokers.

(5) "Military order" means a specific contract or sub-contract necessitating the use of lead in the manufacture of any product, or any component to be physically incorporated into such products, produced for or for the account of the Army or Navy of the United States, Maritime Commission, Veterans' Administration or Office of Scientific Research and Development.

(6) "Implement of war" means combat end products, complete for tactical operations (including, but not limited to, aircraft, ammunition, armaments, weapons, ships, tanks, military vehicles and radio and radar equipment), and any parts, assemblies or materials to be incorporated in any of the foregoing items. This term does not include facilities or equipment used to manufacture the foregoing items.

(7) [Deleted Apr. 2, 1946.]

(8) "Item" means any article or component thereof.

(c) *Restrictions on use.* (1) No person may melt, form, alloy, assemble, or process any lead for use in any item or product, or in any process, not set forth in List I of this order. Lead may be used for the items and processes and subject to the restrictions set forth in List I only to the extent necessary to meet applicable specifications, or for the proper service performance of the end product, or where the use of any less critical material is impracticable or when satisfactory substitutes are prohibited in other Civilian Production Administration orders.

(2) No person shall use primary lead for any items or purpose set forth in List I if secondary lead is obtainable and usable for the item or purpose. "Primary lead" means metallic lead obtained

mainly from mine ores and concentrates. "Secondary lead" means metallic lead obtained mainly from remelting or smelting of scrap materials.

(3) Manufacturing quotas are set in List I for certain of the items and processes in which lead may be used. If an item or process in List I has a manufacturing quota, a manufacturer or processor must not use, in the manufacture of the item or in the process during the current calendar period listed, more lead than the specific percentage of the amount legally used for that purpose during the base period indicated, or than the amount specifically authorized in writing by the Civilian Production Administration. These quotas may not be transferred except in accordance with Priorities Regulation 7A. Manufacturers or processors who did not use lead, or were not authorized to use it, during the period indicated as the base period in the manufacture of an item or in a process which is subject to a quota restriction (including persons who were not in business at that time) may nevertheless apply for a quota. Their applications, as well as all applications for quotas which are individually assigned by the Civilian Production Administration, will be considered and quotas granted on an equitable basis, to the extent that this will not unduly disrupt existing production. Applications for quotas for the fourth quarter 1946 should be filed promptly with the Civilian Production Administration, Tin, Lead and Zinc Branch, Washington 25, D. C., Ref: M-38, or in any event not later than October 20, 1946.

(4) In some cases List I permits the use of lead in making a product only if the product is to be used for a particular purpose. No person may use any of these products for any purpose other than the purpose permitted by List I.

(d) *Special directions.* The Civilian Production Administration may at any time issue special directions to any person respecting the production, distribution, delivery, or acceptance of delivery of lead.

(e) *Allocation of lead.* (1) Any person who is unable to use secondary lead and who is unable to obtain primary soft lead from regular sources of supply may apply to the Civilian Production Administration for an allocation of lead. Applications should be made on Form CPA-95 and should be filed with the Civilian Production Administration, Tin, Lead and Zinc Branch, Washington 25, D. C. not later than the 20th of the month preceding the month in which shipment is requested. Each applicant must furthermore state the amount of lead he has purchased from other sources for delivery in the following month and the name or names of his suppliers.

(2) [Deleted Dec. 12, 1946.]

(f) *Inventory restrictions.* Lead appears on Table 1 of Priorities Regulation 32. Inventories of lead are subject to all provisions of that regulation. Inventories of scrap dealers are controlled by Direction 5 to Priorities Regulation 32. All inventory appeals from the provisions of paragraph (f) of M-38 granted before April 2, 1946 are hereby revoked.

(g) *Special restriction on deliveries of battery lead oxide.* (1) Beginning July 1, 1946, no person shall deliver or accept delivery of battery lead oxide for use in the manufacture of storage batteries without a specific authorization in writing by the Civilian Production Administration. This restriction applies not only to deliveries to other persons including affiliates and subsidiaries, but also to deliveries from one branch division or section of a single enterprise to another branch, division or section of the same or any other enterprise under common ownership or control.

(2) Requests for authorization to accept delivery of battery lead oxide should be made to the Civilian Production Administration on Form CPA-95-A not later than the 10th day of the month before the month in which delivery is requested. Failure by any person to file an application in accordance with this paragraph may be construed as notice to the Civilian Production Administration that such person does not wish to accept delivery of battery lead oxide in the succeeding month.

(h) *Restrictions on sales and deliveries of lead.* No person shall sell or deliver any lead to any person if he knows, or has reason to believe, such material is to be used in violation of the terms of this order.

(i) *Appeals.* Any appeal from the restrictions of this order must be by letter in triplicate, referring to the particular provision appealed from and stating fully the grounds for the appeal and should be addressed to the Civilian Production Administration, Tin, Lead and Zinc Branch, Washington 25, D. C., reference M-38. The appeal should contain the following information:

(1) Product in which the lead will be used.

(2) Period of time, not exceeding one calendar quarter for which relief is requested.

(3) Monthly schedule of amount of lead to be used.

(4) Prime contract numbers on military orders.

(5) If the appeal is filed because the restrictions on use of lead will prevent the filling of non-military orders of extreme urgency, give exact information as to the use of the product in which the lead is used.

(6) Why other less critical materials cannot be used.

(7) Present inventory of lead and any other information pertinent to the appeal (including a statement of equipment or facilities available to the appellant).

(j) [Deleted Oct. 3, 1945.]

(k) *Records.* All persons affected by this order must maintain accurate and complete records of all transactions as required by Priorities Regulation No. 1, § 944.1. Such records must include complete statements of the amounts of lead consumed for the items specified in this order, and the amount of inventory on hand.

(l) *Required reports.* (1) On or before the 20th day of each calendar month each person who purchased or consumed 10 tons or more of metallic lead during

the preceding calendar month, or had in his possession or under his control 20 tons or more of lead, shall report such purchases, consumption and stocks on hand at the end of the preceding month to the Civilian Production Administration on Form CPA-95. Manufacturers of battery lead oxide and storage batteries must also file monthly production reports with the Civilian Production Administration on Form CPA-95-A.

(2) The Civilian Production Administration may from time to time issue special directions requiring any refiner or dealer to file a report showing a schedule of his proposed deliveries of lead.

(3) All persons affected by this order shall execute and file with the Civilian Production Administration such other reports as may be required subject to the approval of the Bureau of the Budget.

(4) The reporting and record-keeping provisions of this order have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

(m) *Violations.* Any person, who wilfully violates any provision of this order or who, in connection with this order, wilfully conceals a material fact or furnishes false information to any department or agency of the United States is guilty of a crime, and upon conviction may be punished by fine or imprisonment. In addition, any such person may be prohibited from making or obtaining further deliveries of, or from processing or using, material under priority control and may be deprived of priorities assistance.

(n) *Communications.* All communications and reports dealing with this order shall be addressed to: Civilian Production Administration, Tin, Lead and Zinc Branch, Washington 25, D. C., Ref: M-38.

(o) [Deleted Apr. 2, 1946.]

Issued this 12th day of December 1946.

CIVILIAN PRODUCTION
ADMINISTRATION,
By J. JOSEPH WHELAN,
Recording Secretary.

LIST I

Permitted Uses

1. Ammunition for military orders or essential civilian requirements. (Manufacturing quota for ammunition for essential civilian requirements: for the fourth quarter 1946, 89% of the amount of lead legally used for the same purpose during the third quarter 1946).
2. Anchorages for equipment, including expansion bolts, shields and grommets.
3. Anodes for electrolytic refining chromium plating and for lead plating as permitted in Item 40 of this list.
4. Anti-vibration mats.
5. Babbitt for abrasives and grinding wheels and for securing hardware to radio insulators and for securing end connections of windings and/or for securing enclosures of wire wound resistors.
6. Ballast for implements of war where available space does not permit the use of material of lower density, for submarines and for surface craft of sizes up to and including destroyers.
- 6a. Battery lead oxide (See paragraph (g) for special restrictions on delivery).
7. Bearing metal.
8. Bolster metal for surgical, table and industrial cutlery.
9. Brake lining and clutch facings.
10. Brass and bronze.
11. Cable covering (Manufacturing quota: for the fourth quarter 1946, 22% of the amount of lead legally used for the same purpose during the calendar year 1940). If lead covered cable is replaced, the user of the cable must promptly deliver all salvable lead to his supplier, a lead smelter, or a scrap dealer.
12. Cable sleeving and other accessories necessary for the maintenance, repair and installation of lead covered cable.
13. Cable terminals and bushings for storage batteries.
14. Cames.
15. Caulking for use in caulking cast iron pipe lines, plumbing waste lines and vents, or automotive carburetors where other material such as sulphur compounds or cement does not provide a leak proof joint. (Manufacturing quota for caulking bars and wool: for the fourth quarter 1946, the amount of lead legally used for the same purpose during the first quarter 1946).
16. Chemicals (except battery lead oxide tetra ethyl) subject to the restrictions of Order L-354.
17. Closure spouts for drugs and chemicals (Manufacturing quota: for the fourth quarter 1946, the amount of lead legally used for the same purpose during the third quarter 1946).
18. Coating of wire and zinc plated sheet, including sheathing.
19. Collapsible tubes. (Manufacturing quota: for the fourth quarter 1946, the amount of lead (including that contained in blanks and converted into tubes) legally used for the same purpose during the second quarter 1946). Use of tin in collapsible tubes is subject to the restrictions of Order M-43.
20. Counterweights, weights and sliding poises for Military, industrial and laboratory equipment, and implements of war where available space does not permit the use of material of lower density.
21. Foil:
 - (a) Military orders to the extent that Method IA (not dehydrated) and/or Method II (dehydrated) packaging, as presently defined in the U. S. Army Specification 100-14, U. S. Navy Specification 39-P-16 and British Standard Packaging Code BS-1133, or any new specifications covering the above are expressly specified in the prime contract.
 - (b) For component ammunition.
 - (c) Electrotypers subject to the restrictions of Order M-43.
 - (d) Condensers.
 - (e) Cap Liners for packaging drugs.
 - (f) Electrostatic shielding of transformer coils and cores.
 - (g) For use in chrome plating.
22. Fire extinguisher and decontaminator components.
- 22a. Free machining steel when the percentage of lead does not exceed one-half of 1%.
23. Gaskets, locknuts and shims.
24. Heat equalization in galvanizing pots and for molten zinc operations.
25. Heat treating and annealing.
26. Implements of War, as defined in paragraph (b) (6) of the order.
27. Impression Lead. (Manufacturing quota: for the fourth quarter 1946, the amount of lead legally used for the same purpose during the third quarter 1946).
28. Inserts for treads on non-sparking ladders and stairs.
29. Lead hammers.
30. Lead-headed nails only to the extent that the use of springhead or flathead nails is impracticable.

31. Fusible alloys.
 32. Lead lined bowls for centrifugal oil purifiers.
 33. Lead wire for determining gear bearing clearances.
 34. Lining for acid lockers.
 35. Lubricant for cold drawing of steel products.
 36. Manufacture and moulding of plastics.
 37. Medical, dental and veterinarian equipment and instruments.
 38. Metallic and semi-metallic packing.
 39. Patterns and dies.
 40. Plating or coating where lead is used in place of either cadmium or tin, or where corrosion makes the use of any other material impractical.
 41. Powder for military uses, powder metallurgy, gear lubricants and rubber valves.
 42. Production of rayon.
 43. Refining of metals.
 44. Repair of existing lead construction.
 45. Seals for pilfering and tampering protection.
 46. Sheath for curing process of rubber.
 47. Sheet, pipe (including lead lined pipe), valves, fittings, burning bars and castings to be used for the following purposes. (Manufacturing quota for the fourth quarter 1946: the amount of lead legally used for the same purpose during the third quarter 1946):
 (a) In new chemical and processing equipment to the extent that corrosion makes the use of any other material impractical.
 (b) In repairs and replacement parts for chemical and processing equipment to the extent that corrosion makes the use of any other material impractical. The user of the equipment must promptly deliver all replaced salvable lead to his supplier, a lead smelter or a scrap dealer.
 47a. Pipe (including lead lined pipe), bends, traps, plugs and flanges for water supply and waste lines or vents to the extent that municipal, state or Federal regulations permit no substitutes or, within water works proper, where sound water works practice requires the use of these products.
 47b. Shot for use in Items 15, 20, 38, 45, 58 or 61.
 48. Sinkers and other fishing tackle. (Manufacturing quota: for the fourth quarter 1946, the amount of lead legally used for the same purpose during the third quarter 1946).
 49. Solder.
 50. Sounding leads. (Manufacturing quota: for the fourth quarter 1946, the amount of lead legally used for the same purpose during the third quarter 1946).
 51. Spectographs and spectrophotometers.
 52. Storage batteries for the uses specified below. (The antimony content in any antimonial lead used for grids, connecting parts or components for storage batteries shall not exceed nine (9%) percent, except where an alloy with a higher antimony content is specified as mandatory in contracts of the Army or Navy of the United States, or the U. S. Maritime Commission. The lead content of battery lead oxide in any storage battery shall not exceed 50% of the total lead content of the battery. In figuring all manufacturing quotas, the lead which may be used and the lead used in the base period includes the lead content of battery lead oxide and component parts. However no person may use more lead in making parts for the batteries which he makes himself than the percentage specified of the lead he legally used for making such parts in the base period. When a manufacturer has accepted an order for original equipment batteries such batteries shall receive preference in processing

- and delivery over replacement batteries.)
 (a) Special batteries for military use in submarine, aircraft or communications equipment.
 (b) Original equipment for military or civilian purposes. (No battery manufacturer may deliver any automotive SLI type batteries made for original equipment except to an equipment manufacturer who states in writing that the batteries will be used only in new equipment which he manufactures. In the case of industrial type batteries, no battery manufacturer may deliver any batteries made for original equipment except to a purchaser who states in writing that the batteries will be used or resold only for new equipment and not for replacement purposes.)
 (c) Industrial type, for replacement purposes. (Manufacturing quota: for the fourth quarter 1946: 100% of the amount of lead authorized to be used for industrial type replacement batteries during the third quarter 1946.) An Industrial Storage Battery means an electric storage battery of other than SLI type which has been completely assembled and sealed, whether charged or uncharged and which is designed and built for industrial applications such as, but not confined to, railway signaling and lighting, mine locomotives, industrial trucks, farm lighting, public utilities stand-by equipment, commercial radio installations, airplane and commercial boat installations and components thereof.
 (d) Automotive SLI type for replacement purposes:
 (Manufacturing quota for the fourth quarter 1946:
 (A) For those authorized to use 70 tons of lead or less for automotive SLI replacement batteries during the third quarter 1946: 100% of the amount of lead authorized to be used for the same purpose during the third quarter 1946;
 (B) For those authorized to use more than 70 tons of lead for automotive SLI replacement batteries during the third quarter 1946: 86% of the amount of lead authorized to be used for the same purpose during the third quarter 1946;)
 (e) Component parts furnished as such to others (Manufacturing quota: 100% of the amount of lead authorized to be used for the same purpose during the third quarter 1946). A manufacturer of such parts, who also makes industrial or automotive SLI type batteries, may not include lead used in component parts furnished as such to others in determining the amount of lead he is permitted to use for industrial or automotive SLI type batteries under paragraphs (c) and (d) above.
 53. Terne plate and Terne metal subject to restrictions of Conservation Order M-43.
 54. Tetraethyl. (The manufacturing quota for tetraethyl will be assigned on individual applications by the producer.)
 55. Turbine and gear bearing oil deflectors.
 56. Turbine gland labyrinth and diaphragm packing.

¹ In view of the reduction in the total amount of lead available for the manufacture of automotive SLI type storage batteries in the fourth quarter of 1946, and in order not to unduly disrupt existing production the Civilian Production Administration will not process during the fourth quarter any applications for automotive SLI type replacement battery quotas from persons who have not previously been authorized to use lead for this purpose under this order.

57. Type metal for use in the printing trade. (Manufacturing quota: for the fourth quarter 1946, the amount of lead legally used for the same purpose for the third quarter 1946).
 58. Vocational purposes where lead is reused and in laboratories for analytical purposes and research, and for use for experimental purposes where the total amount of lead used in any quarter does not exceed 500 pounds.
 59. X-ray purposes and Radiography.
 60. Zinc production.
 61. For use to comply with safety regulations issued under Government authority which requires the use of lead to the extent employed, or in safety equipment.

[F. R. Doc. 46-21600; Filed, Dec. 12, 1946; 11:31 a. m.]

Chapter XI—Office of Price Administration

TRANSFER OF FUNCTIONS

CROSS REFERENCE: For transfer of the functions of the Office of Price Administration to the Office of Temporary Controls and to the Federal Trade Commission, see Executive Order 9809, *supra*.

Chapter XX—Office of Contract Settlement

TRANSFER OF FUNCTIONS

CROSS REFERENCE: For transfer of the functions of the Office of Contract Settlement to the Department of the Treasury, see Executive Order 9809, *supra*.

Chapter XXI—Office of War Mobilization and Reconversion

CONSOLIDATION AND TRANSFER OF FUNCTIONS

CROSS REFERENCE: For transfer of certain functions of the Office of War Mobilization and Reconversion to the Office of Temporary Controls, the transfer of certain functions of the director with respect to the Office of Contract Settlement to the Secretary of the Treasury, and transfer of other specified functions of the Director to the Secretary of Commerce and the Executive office of the President, see Executive Order 9809, *supra*.

Chapter XXIII—War Assets Administration

[Reg. 11,¹ Order 1]

PART 8311—PROCEEDS AND EXPENSES

SPECIAL ACCOUNTS FOR REFUNDS TO PURCHASERS

Surplus Property Administration Regulation 11, Order 1, January 15, 1946, entitled "Special Accounts for Refunds to Purchasers" (11 F. R. 637), is hereby revised and amended as herein set forth, as War Assets Administration Regulation 11, Order 1.

Pursuant to the authority of section 30 (c) of the Surplus Property Act of 1944, as amended (58 Stat. 765, as amended; 50 U. S. C. App. Sup. 1611); Public Law 181, 79th Congress (59 Stat. 533; 50 U. S. C. App. Sup. 1614a, 1614b);

¹ 11 F. R. 636, 1990, 5355.

and Executive Order 9689 (11 F. R. 1265), it is hereby ordered, that:

§ 8311.51 Special accounts for refunds to purchasers. The following disposal agencies designated by the Administrator pursuant to Part 8301² are hereby authorized, within such limitations as may be indicated below, to deposit in a special account with the Treasurer of the United States amounts from proceeds of dispositions of surplus property and to withdraw from such account the amounts necessary to make appropriate refunds to purchasers of such property when any disposition is rescinded or does not become final, or payments for breach of any warranty:

(a) War Assets Administration, *Provided*, That the amounts on deposit in such account shall at no time exceed \$5,750,000.

(b) Maritime Commission, *Provided*, That the amounts on deposit in such account shall at no time exceed \$500,000.

(c) Department of the Interior, *Provided*, That the amounts on deposit in connection with disposal functions in the territories and possessions of the United States shall at no time exceed \$75,000.

(d) Department of the Interior, *Provided*, That the amounts on deposit in connection with disposal functions for real property in the continental United States shall at no time exceed \$100,000.

(e) Department of Agriculture, *Provided*, That the amounts on deposit in connection with disposal functions for agricultural commodities and food shall at no time exceed \$100,000.

(f) Department of Agriculture, *Provided*, That the amounts on deposit in connection with disposal functions for real property shall at no time exceed \$600,000.

(g) Federal Works Agency, *Provided*, That the amounts on deposit in such account shall at no time exceed \$200,000.

(h) National Housing Agency, *Provided*, That the amounts on deposit in such account shall at no time exceed \$100,000.

(i) Department of State, *Provided*, That the amounts on deposit in connection with disposal functions for surplus military property located in the continental United States, its territories and possessions shall at no time exceed \$500,000.

This order as revised shall become effective December 13, 1946.

ROBERT M. LITTLEJOHN,
Administrator.

DECEMBER 11, 1946.

[F. R. Doc. 46-21586; Filed, Dec. 12, 1946;
11:11 a. m.]

TITLE 39—POSTAL SERVICE

Chapter I—Post Office Department

TEMPORARY LIMITATION OF WEIGHT OF FIRST-CLASS MAIL, AND OF WEIGHT AND SIZE OF FOURTH-CLASS MAIL

CROSS REFERENCE: For a notice revoking a temporary limitation of weight

of first-class mail and of weight and size of fourth-class mail, see Post Office Department in Notices section, *infra*.

TITLE 46—SHIPPING

Chapter II—United States Maritime Commission

Subchapter A—Organization, Procedure, and Delegations

[G. O. 62,¹ Supp. 1]

PART 200—ORGANIZATION, FUNCTIONS, AND DELEGATIONS OF FINAL AUTHORITY

MISCELLANEOUS AMENDMENTS

§ 200.101 Office of trial examiners. An office of trial examiners is established within the Commission. The office shall be headed by a chief examiner, responsible directly to the Commission, and shall include all personnel designated by the Commission to preside at hearings under sections 7 and 8 of the Administrative Procedure Act (60 Stat. 237). The Commission may assign to the office such other duties as are consistent with its functions under that act, and such personnel as may be necessary to perform all duties assigned.

§ 200.102 Solicitor; functions of investigation and prosecution. All functions of investigation and prosecution, and of recommendation to the Commission of investigations to be initiated, within the scope of the Administrative Procedure Act (60 Stat. 237), are assigned to the Solicitor who, in the performance of such functions, shall be responsible directly to the Commission.

(Sec. 204 (b), 49 Stat. 1987, 52 Stat. 964, 60 Stat. 237; 46 U. S. C. 876)

By order of the United States Maritime Commission.

A. J. WILLIAMS,
Secretary.

DECEMBER 10, 1946.

[F. R. Doc. 46-21532; Filed, Dec. 12, 1946;
8:45 a. m.]

TITLE 49—TRANSPORTATION AND RAILROADS

Chapter I—Interstate Commerce Commission

[S. O. 645-B]

PART 95—CAR SERVICE

PERMIT REQUIRED FOR MOVEMENT OF BITUMINOUS COAL

At a session of the Interstate Commerce Commission, Division 3, held at its office in Washington, D. C., on the 9th day of December A. D. 1946.

Upon further consideration of Service Order No. 645 (11 F. R. 13640), and good cause appearing therefor: it is ordered, that:

Section 95.645 *Permit required for movement of bituminous coal*, of Service Order 645 be, and it is hereby, vacated and set aside.

It is further ordered, that this order shall become effective at 6:00 p. m., December 9, 1946; that a copy of this order and direction be served upon the State railroad regulatory bodies of each State, and upon the Association of American Railroads, Car Service Division, as agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement; and that notice of this order be given to the general public by depositing a copy in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director, Division of the Federal Register.

(40 Stat. 101, sec. 402, 41 Stat. 476, sec. 4; 54 Stat. 901, 911; 49 U. S. C. 1 (10)-(17), 15 (4))

By the Commission, Division 3.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 46-21452; Filed, Dec. 12, 1946;
8:49 a. m.]

[S. O. 649, Amdt. 1]

PART 95—CAR SERVICE

FREIGHT AND EXPRESS EMBARGO; APPOINTMENT OF PERMIT AGENT

At a session of the Interstate Commerce Commission, Division 3, held at its office in Washington, D. C., on the 6th day of December A. D. 1946.

Upon further consideration of Service Order No. 649 (11 F. R. 14167), and good cause appearing therefore: it is ordered, that:

Section 95.649 *Freight and express embargo; appointment of permit agent*, of Service Order No. 649, be, and it is hereby, amended by substituting the following paragraphs (b) and (c) and Appendix B for paragraphs (b) and (c) and Appendix B thereof:

(b) *General embargo.* From and after 5:00 p. m., standard time on December 6, 1946, no common carrier shall accept for transportation, transport or move any express, less-than-carload, any quantity, or carload shipment, except:

(1) Shipments of commodities shown in Appendix A of this section, or
(2) Any shipment of a commodity, other than those listed in Appendix A of this section, provided a permit has first been issued by the General Permit Agent appointed in paragraph (c) (1) of this section for railroad or freight forwarder transportation or by permit agents listed in Appendix B for transportation by railway express.

(c) *Permit agents.* (1) Warren C. Kendall, Chairman, Car Service Division, Association of American Railroads, Washington, D. C., phone National 9020, is hereby designated and appointed as General Permit Agent of the Interstate Commerce Commission with full authority to issue or withhold the issuance of permits under paragraph (b) (2) of this section.

(2) The persons named in Appendix B are hereby designated and appointed as Permit Agents of the Interstate Commerce Commission with authority sub-

¹ 11 F. R. 7970, 10221, 13969.

FEDERAL REGISTER, Friday, December 13, 1946

ject to the control and direction of the General Permit Agent appointed in subparagraph (1) of this paragraph, to issue or withhold the issuance of permits under paragraph (b) (2) of this section for railway express transportation.

It is further ordered, that a copy of this order and direction be served upon each State railroad regulatory body, up-

on all express companies subject to Part I and upon all freight forwarders subject to Part IV of the Interstate Commerce Act, and upon the Association of American Railroads, Car Service Division, as agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement; and that notice of this order be given to the general public by depositing a copy in the office of the Secretary of the Com-

mission at Washington, D. C., and by filing it with the Director, Division of the Federal Register.

(40 Stat. 101, sec. 402, 41 Stat. 476, sec. 4, 54 Stat. 901, 911, 298; 49 U. S. C. 1 (10)-(17))

By the Commission, Division 3.

[SEAL] W. P. BARTEL,
Secretary.

APPENDIX B

RAILWAY EXPRESS AGENCY PERMIT AGENTS

Name	Title	Street address	City and State
J. F. Ross	General Manager	219 East 42d St.	New York 17, N. Y.
W. J. O'Maley	Superintendent	South Terminal Express Building	Boston 11, Mass.
H. H. Kalloch	do	520 Broadway	Albany 7, N. Y.
F. T. Halligan	do	East Wing, North Station	Boston 14, Mass.
H. G. Groves	do	do	Do.
P. T. Webber	do	Union Station	Providence 3, R. I.
C. L. Nies	do	103-107 State St.	Rochester 4, N. Y.
B. F. Weedon	do	Curtiss Street Express Terminal	Buffalo 6, N. Y.
F. A. Van Dembergh	do	501 St. Paul Pl.	Baltimore 2, Md.
R. L. Kinsman	do	South Broad and Poinier Sts.	Newark 5, N. J.
S. J. Hurley	do	1013 Penn Ave.	Pittsburgh 22, Pa.
J. J. McClory	do	1-5 North 18th St.	Philadelphia 3, Pa.
P. M. Germond	do	D. & H. R. R. Station	Scranton 3, Pa.
R. S. Hampshire	do	817 South Wells St.	Chicago 7, Ill.
W. J. Yates	General Manager	1325 St. Clair Ave.	Cleveland 14, Ohio
E. J. Hardesty	Superintendent	941 Howard St.	Detroit 26, Mich.
R. H. Vogel	do	do	Do.
H. H. Smith	do	1120 Chester Ave.	Cleveland 14, Ohio
B. C. Vance	do	Findlay & McLean Ave.	Cincinnati 14, Ohio
R. Park	do	510 Grand Rapids National Bank Building	Grand Rapids 2, Mich.
G. F. Custer	do	216 Great Northern Railway Building	St. Paul, Minn.
R. R. Tulloch	do	912-915 Torrey Building	Duluth 2, Minn.
W. G. Watkins	do	O. M. St. P. & P. Freight Station, Bernard St. and Trent Ave.	Spokane 8, Wash.
H. B. Budde	do	216 Great Northern Railway Building	St. Paul 1, Minn.
L. D. Stout	do	527 North 4th St.	Milwaukee 3, Wis.
G. C. Lace	do	612 South Clinton St.	Chicago 7, Ill.
R. J. Byas	do	2-4-6 6th Ave.	Des Moines 9, Iowa
C. D. Knab	do	Findlay & McLean Ave.	Cincinnati 14, Ohio
J. W. Johnson	do	257 South Meridian St.	Indianapolis 4, Ind.
H. J. Wood	do	309 C. B. & Q. Passenger Station	Lincoln 8, Nebr.
R. B. Smith	do	612 South Clinton St.	Chicago 7, Ill.
V. Shives	do	34 Church Ave. W.	Roanoke 5, Va.
H. R. Van Denbergh	do	2049 West Broad St.	Richmond 20, Va.
E. T. Williams	do	127 West Tazewell St.	Norfolk 10, Va.
J. P. Johnson	do	Southern Ry. Passenger Station	Charlotte 2, N. C.
W. O. R. Hamann	do	2d and I Sts., NE	Washington 2, D. C.
P. C. Ausbrook	do	302 Union Station Bldg.	Little Rock, Ark.
Fred Howell	do	124 North Court St.	Memphis 3, Tenn.
J. C. Legg	do	301 Railway Express Terminal Station	St. Louis 3, Mo.
D. H. Goodrich	do	203 Railway Express Terminal	Do.
M. B. McDaniels	do	4 North 19th St.	Birmingham 3, Ala.
A. D. Satterwhite	do	325 Mitchell St. SW	Atlanta 3, Ga.
R. K. Smith	do	1117 West Bay St.	Jacksonville 4, Fla.
O. W. Harding	do	89 Luckie St. NW	Atlanta 3, Ga.
O. K. Lewis	do	1117 West Bay St.	Jacksonville 4, Fla.
J. J. West	do	319 West Jefferson St.	Louisville 2, Ky.
J. C. Hadley	do	Exp. Annex-Denver Union Terminal	Denver 2, Colo.
A. J. Albertson	do	Exp. Annex-Union Terminal	Kansas City 8, Mo.
W. W. Argabrite	do	1004 Farnam St.	Omaha 8, Nebr.
C. A. Holmes	do	Ex. Annex-Union Terminal	Kansas City 8, Mo.
L. E. Gehen	do	24-26 West 2d St.	Salt Lake City 1, Utah.
W. W. Grove	do	515 South Houston St.	Dallas 2, Tex.
G. C. Matthews	do	1601 Petroleum Bldg.	Oklahoma City 2, Okla.
E. R. Taft	do	714 Miami Bldg.	Houston 2, Tex.
E. L. Head	do	111 North Presa St.	San Antonio 5, Tex.
T. J. Seale	do	601 Baronne St.	New Orleans, La.
C. M. Hall	do	635 Folsom St.	San Francisco 7, Calif.
R. R. Ripley	do	357 Aliso St.	Los Angeles 12, Calif.
F. C. Rockey	do	Express Annex-Southern Pacific Terminal	Sacramento 14, Calif.
A. B. Glasebrook	do	Pier 14-Embarcadero and Mission Sts.	San Francisco 5, Calif.
E. H. Hite	do	416 Central Ave.	Los Angeles 13, Calif.
C. I. Fitzgerald	do	200 Central Bldg., 810 3d Ave.	Seattle 4, Wash.

GENERAL MANAGERS

R. A. Cox	General Manager	Boston, Mass.
W. H. Huff	do	Philadelphia, Pa.
A. C. White	do	Cleveland, Ohio.
J. F. Glover	do	St. Paul, Minn.
J. G. Shannon	do	Chicago, Ill.
E. C. Berry	do	Washington, D. C.
Walter Reese	do	St. Louis, Mo.
S. F. Pitcher	do	Atlanta, Ga.
H. H. Smith	do	Kansas City, Mo.-Kans.
W. M. Smith	do	Houston, Tex.
L. P. Bergman	do	Los Angeles, Calif.

[F. R. Doc. 46-21450; Filed, Dec. 12, 1946; 8:50 a. m.]

[S. O. 649-A]

PART 95—CAR SERVICE

FREIGHT AND EXPRESS EMBARGO—APPOINTMENT OF PERMIT AGENT

At a session of the Interstate Commerce Commission, Division 3, held at its

office in Washington, D. C., on the 7th day of December A. D. 1946,

Upon further consideration of Service Order No. 649 (11 F. R. 14167), as amended (*supra*), and good cause appearing therefor; it is ordered that

Section 95.649, *Freight and express embargo; appointment of Permit Agent*, of Service Order No. 649, as amended, be, and it is hereby, vacated and set aside.

It is further ordered, That this order shall become effective at 3:30 p. m., De-

ember 7, 1946; that a copy of this order and direction shall be served upon each State railroad regulatory body, upon all express companies subject to Part I and upon all freight forwarders subject to Part IV of the Interstate Commerce Act, and upon the Association of American Railroads, Car Service Division, as agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement; and that notice of this order be given to the general public by depositing a copy in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director, Division of the Federal Register.

(40 Stat. 101, sec. 402; 41 Stat. 476, sec. 4; 54 Stat. 901, 911, 298; 49 U. S. C. 1 (10)–(17))

By the Commission, Division 3.

[SEAL]

W. P. BARTEL,
Secretary.

[F. R. Doc. 46-21451; Filed, Dec. 12, 1946;
8:49 a. m.]

TITLE 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

[Docket No. 7611]

PART 3—RULES GOVERNING RADIO BROADCAST SERVICES

MECHANICAL RECORDS

In the matter of amendment to § 3.407 of the Commission's rules and regulations governing the announcement of mechanical records, Docket No. 7611.

At a meeting of the Federal Communications Commission held in its offices in Washington, D. C., on the 5th day of December 1946;

The Commission having under consideration the proposed amendment to § 3.407 as set forth in the order of May 29, 1946, and having considered the briefs and oral argument in the above-entitled cause,

It is ordered, That §§ 3.407 and 3.288 be amended to read as follows:

Mechanical records. Each program broadcast which consists in whole or in part of one or more mechanical reproductions shall be announced in the manner and to the extent set out below.

(a) Each such program of longer duration than 30 minutes, consisting in whole or in part of one or more mechanical reproductions, shall be identified by appropriate announcement at the beginning of the program, at each 30-minute interval and at the conclusion of the program; *Provided, however,* That the identifying announcement at each 30-minute interval is not required in case of a mechanical reproduction consisting of a continuous uninterrupted speech, play, religious service, symphony concert, or operatic production of longer than 30 minutes.

(b) Each such program of a longer duration than 5 minutes and not in excess of 30 minutes, consisting in whole or in part of one or more mechanical reproductions, shall be identified by an

appropriate announcement at the beginning and end of the program.

(c) Each such program of 5 minutes or less, consisting in whole or in part of mechanical reproductions, shall be identified by appropriate announcement immediately preceding the use thereof; *Provided, however,* That each such program of one minute or less need not be announced as such.

(d) In case a mechanical reproduction is used for background music, sound effects, station identification, program identification (theme music of short duration) or identification of the sponsorship of the program proper, no announcement of the mechanical reproduction is required.

(e) The exact form of identifying announcement is not prescribed, but the language shall be clear and in terms commonly used and understood. A licensee shall not attempt affirmatively to create the impression that any program being broadcast by mechanical reproduction consists of live talent.

(Sec. 4 (i), 48 Stat. 1066; 47 U. S. C. 154 (i); Pub. Law 404, 79th Cong.; 60 Stat. 238)

By the Commission.

[SEAL]

T. J. SLOWIE,
Secretary.

[F. R. Doc. 46-21470; Filed, Dec. 12, 1946;
8:46 a. m.]

Notices

DEPARTMENT OF JUSTICE.

Immigration and Naturalization Service.

BAUDETTE MUNICIPAL AIRPORT

NOTICE OF PROPOSED DESIGNATION AS A TEMPORARY AIRPORT OF ENTRY FOR ALIENS

DECEMBER 9, 1946.

Pursuant to the provisions of section 4 (a) of the Administrative Procedure Act (Pub. Law 404, 79th Cong.; 60 Stat. 238), notice is hereby given that, pursuant to the authority cited below, it is proposed to designate, effective January 1, 1947, the Baudette Municipal Airport, Baudette, Minnesota, as a temporary airport of entry for aliens by amending § 110.3, Chapter I, Title 8, Code of Federal Regulations by inserting the name and location of such airport between "Akron, Ohio, Municipal Airport" and "Bellingham, Wash., Bellingham Airport" in the list in § 110.3 (b) of temporary airports of entry for aliens.

In accordance with the provisions of section 4 (b) of the Administrative Procedure Act, interested persons may submit to the Commissioner of Immigration and Naturalization, Philadelphia 2, Pennsylvania, written data, views, or arguments relative to this proposed action. Such representations may not be presented orally in any manner. All relevant material received within 20 days following the day of publication of this notice will be considered.

(Sec. 7 (d), 44 Stat. 572; 49 U. S. C. 177 (d); sec. 1, Reorg. Plan No. V, 3 CFR, Cum. Supp., Ch. IV)

[SEAL]

TOM C. CLARK,
Attorney General.

Recommended: December 4, 1946.

T. B. SHOEMAKER,
Acting Commissioner of Immigration and Naturalization.

[F. R. Doc. 46-21457; Filed, Dec. 12, 1946;
8:51 a. m.]

POST OFFICE DEPARTMENT.

TEMPORARY LIMITATION OF WEIGHT OF FIRST-CLASS MAIL, AND OF WEIGHT AND SIZE OF FOURTH-CLASS MAIL

REVOCAVION OF NOTICE

The order published in the Notices section of 11 F. R. 14151 under the caption "Post Office Department, Temporary limitation of weight of first-class mail, and of weight and size of fourth-class mail" is hereby revoked, effective 4 p. m., December 7, 1946.

[SEAL]

J. M. DONALDSON,
Acting Postmaster General.

[F. R. Doc. 46-21444; Filed, Dec. 12, 1946;
8:47 a. m.]

CIVIL AERONAUTICS BOARD.

[Docket No. 2539]

NORTHWEST AIRLINES, INC.

NOTICE OF HEARING

In the matter of the application of Northwest Airlines, Inc., under section 406 of the Civil Aeronautics Act of 1938, as amended, for an order temporarily fixing and determining the fair and reasonable rates of compensation for the transportation of mail by aircraft, the facilities used and useful therefor, and the services connected therewith over its North Pacific route.

Notice is hereby given that the above matter is assigned to be heard on December 16, 1946, 10 a. m., eastern standard time in the Foyer of the Commerce Department Auditorium, 14th St. and Constitution Ave. NW., Washington, D. C., before Examiner Frank A. Law, Jr.

Dated at Washington, D. C., December 9, 1946.

By the Civil Aeronautics Board.

[SEAL]

M. C. MULLIGAN,
Secretary.

[F. R. Doc. 46-21469; Filed, Dec. 12, 1946;
8:51 a. m.]

FEDERAL POWER COMMISSION.

[Docket No. G-828]

PANHANDLE EASTERN PIPE LINE CO.

ORDER SUSPENDING RATE SCHEDULES

DECEMBER 6, 1946.

It appearing to the Commission that:

(a) Panhandle Eastern Pipe Line Company, hereinafter sometimes referred to

as "Panhandle", has on file with the Commission a rate schedule, designated as Panhandle Eastern Pipe Line Company Rate Schedule FPC No. 71, providing for the sale of natural gas in interstate commerce to Central Indiana Gas Company for resale for ultimate public consumption.

(b) On November 8, 1946, Panhandle filed with the Commission a supplement to its Rate Schedule FPC No. 71 which has been designated by the Commission as Supplement No. 19 to Panhandle Eastern Pipe Line Company Rate Schedule FPC No. 71, together with a new rate schedule with respect to the sale and delivery of natural gas to Central Indiana Gas Company which has been designated by the Commission as Panhandle Eastern Pipe Line Company Rate Schedule FPC No. 112.

(c) Supplement No. 19 to Panhandle Eastern Pipe Line Company Rate Schedule FPC No. 71, effective December 15, 1946, would cancel and terminate Rate Schedule FPC No. 71, and Panhandle Eastern Pipe Line Rate Schedule FPC No. 112 would be applicable to the sale and delivery of natural gas by Panhandle to Central Indiana Gas Company from and after that date.

(d) Under the heading "Available" Panhandle Eastern Pipe Line Company Rate Schedule FPC No. 112 (First Revised Sheet No. 3, Superseding Original Sheet No. 3) provides as follows:

This rate schedule is available, with respect to sales of gas subject to the jurisdiction of Federal Power Commission, to any properly qualified utility (hereinafter referred to as the Utility) in any of the States of Indiana, Ohio, or Michigan having the necessary franchises, permits, grants and rights requisite to the distribution and sale of natural gas, having a pipe line connection for delivery of the gas purchased hereunder with the pipe line system of Panhandle Eastern Pipe Line Company (hereinafter referred to as the Company) and agreeing to purchase from the Company its natural gas requirements to the extent provided in any existing rate schedule or contract effective as between the Company and the Utility.

(e) By letter of November 18, 1946, Central Indiana Gas Company requested the Commission as follows:

We, therefore, respectfully request that the Federal Power Commission take such action at this time with reference to the proposal of Panhandle Eastern Pipe Line Company outlined in your letter of November 12, 1946, as will result in the present contractual relations between Panhandle Eastern and this company remaining in status quo until after the final order relating to all matters involved is entered by the Commission in FPC Dockets G-200 and G-207.

(f) The change in the conditions of service as would be effected by the aforesaid Supplement No. 19 and Rate Schedule FPC No. 112 may be unjust, unreasonable, unduly discriminatory, and unlawful and place an undue burden upon ultimate consumers of natural gas.

The Commission finds that:

It is necessary and desirable in the public interest that the Commission enter upon a hearing concerning the lawfulness of the changes in conditions of services effected by the aforesaid Supplement No. 19 to Panhandle Eastern Pipe Line Company Rate Schedule FPC

No. 71 and Panhandle Eastern Pipe Line Rate Schedule FPC No. 112 and that the operation of said supplement and rate schedule be suspended and the use thereof be deferred pending hearing and decision thereon.

The Commission orders that:

(A) A public hearing be held on a date and at a place to be hereafter fixed by further order of the Commission concerning the lawfulness of the proposed conditions of service as would be effected by Supplement No. 19 to Panhandle Eastern Pipe Line Company Rate Schedule FPC No. 71 and Panhandle Eastern Pipe Line Company Rate Schedule FPC No. 112.

(B) Pending such hearing and decision thereon Supplement No. 19 to Panhandle Eastern Pipe Line Company Rate Schedule FPC No. 71 and Panhandle Eastern Pipe Line Company Rate Schedule FPC No. 112 insofar as such supplement and rate schedule provide for the sale of natural gas other than for resale for industrial use only be and they hereby are suspended and the use of such supplement and rate schedule is deferred until May 15, 1947, and until such further time thereafter as said supplement and rate schedule shall be made effective in the manner prescribed by the Natural Gas Act.

(C) Interested State commissions may participate in the hearing in this proceeding as provided in Rule 8 (18 CFR 1.8) and Rule 37 (18 CFR 1.37) of the Commission's rules of practice and procedure.

Date of issuance: December 9, 1946.

By the Commission.

[SEAL]

LEON M. FUQUAY,
Secretary.

[F. R. Doc. 46-21465; Filed, Dec. 12, 1946;
8:48 a. m.]

[Docket No. IT-6020]

MAINE PUBLIC SERVICE CO.

ORDER TO SHOW CAUSE

DECEMBER 3, 1946.

The Commission, having under consideration the failure of the Maine Public Service Company to comply with numerous orders and requirements of the Commission made under the authority of the Federal Power Act; and

It appearing to the Commission that:

(a) Maine Public Service Company, a corporation organized and operating under the laws of the State of Maine and having its principal business office at Presque Isle, Maine, owns and operates facilities, among others, for the transmission of electric energy which is transmitted from Maine and consumed at points outside thereof, which facilities are in addition to, and do not include, facilities used for the generation of electric energy, facilities used in local distribution or only for transmission of electric energy in intrastate commerce, or facilities for the transmission of electric energy used wholly by the transmitter, and by reason of the ownership and operation of the aforesaid facilities, Maine Public Service Company is a public util-

ity within the meaning of that term as used in the Federal Power Act, and is subject to the Commission's jurisdiction;

(b) Maine Public Service Company has heretofore and currently is transmitting and proposes and intends hereafter to transmit electric energy from the United States to Canada, a foreign country, such transmission being subject to the requirements of section 202 (e) of the Federal Power Act, namely that Maine Public Service Company should first obtain an order from this Commission authorizing it to so transmit;

(c) On January 25, 1945, a letter was mailed to Maine Public Service Company by the Commission directing attention to the requirements that Maine Public Service Company obtain a Presidential Permit for the operation and maintenance of facilities at the border of the United States for the transmission of electric energy between the United States and a foreign country pursuant to Executive Order No. 8202 and an order of the Commission pursuant to section 202 (e) of the Federal Power Act. On April 5, 1945, a second letter was mailed to Maine Public Service Company again calling attention to the requirements. No reply was received by the Commission. On April 24, 1946, a third letter was mailed to Maine Public Service Company requesting information as to the operation of the Squa Pan and the Caribou generating stations, the amount of energy received and purchased and the amount exported and sold to the Maine & New Brunswick Electric Power Co., Ltd., a subsidiary of Maine Public Service Company, which operates in New Brunswick, Canada. No reply has been received to this request;

(d) Maine Public Service Company has failed or refused to furnish information requested by the Commission with respect to its obtaining a Presidential Permit in accordance with Executive Order No. 8202 and an order of the Commission as required by section 202 (e) of the Federal Power Act and with respect to the operation of its Squa Pan and Caribou generating stations;

(e) Maine Public Service Company operates and maintains and proposes and intends hereafter to operate and maintain facilities at the border of the United States for the transmission of electric energy between the United States and a foreign country without having filed an application for and obtained a Presidential Permit in compliance with Executive Order No. 8202, dated July 13, 1939, pursuant to Part 32 of the Commission's regulations under the Federal Power Act;

(f) Pursuant to the authority granted by the Federal Power Act, the Commission, by Order No. 42, adopted June 16, 1936, prescribed a Uniform System of Accounts for public utilities and licensees, and by its Orders Nos. 42-A, 43 and 45 amended and supplemented the provisions of the said System of Accounts, and by order adopted May 11, 1937, the Commission directed all public utilities and licensees subject to its jurisdiction to submit certain data, statements, and information pursuant to Electric Plant Accounts Instruction 2-D of the Commission's Uniform System of Accounts on or before January 1, 1939;

nevertheless, Maine Public Service Company has failed to comply with the Commission's order by failing or refusing to keep its books in accordance with the accounts prescribed thereunder, has failed or refused to comply with the Electric Plant Accounts Instruction 2-D of the Commission's Uniform System of Accounts and with the Commission's order adopted May 11, 1937;

(g) The orders described above were duly served upon the Maine Public Service Company and the time for compliance with such orders and requirements has expired;

(h) Maine Public Service Company may be a public utility under the provisions of the Federal Power Act;

(i) Maine Public Service Company has failed to comply with the Commission's Order No. 42 by failing or refusing to keep its books in accordance with the System of Accounts prescribed thereunder, effective January 1, 1937;

(j) Maine Public Service Company has failed to comply with Electric Plant Accounts Instruction 2-D of the Commission's Uniform System of Accounts and with the Commission's order adopted May 11, 1937;

(k) Maine Public Service Company, by the acts, failures or refusal to act referred to in paragraphs (a) through (j) above, and otherwise, has pursued a general course of conduct with respect to compliance with the Commission's orders and requirements and with requests for information by this Commission pursuant to the Federal Power Act which may amount to willful failure to comply with such orders, requirements and requests;

The Commission orders that:

(A) Maine Public Service Company show cause in writing under oath, if any exists, within sixty (60) days from the date of service of this order, why the Commission should not find and determine that:

(i) Maine Public Service Company owns and operates facilities, among others, for the transmission of electric energy which is transmitted from Maine and consumed at points outside thereof, which facilities are in addition to and do not include facilities used for the generation of electric energy, facilities used in local distribution or only for the transmission of electric energy in intrastate commerce, or facilities for the transmission of electric energy consumed wholly by the transmitter;

(ii) Maine Public Service Company is now and has been a public utility within the meaning of that term as used in section 201 of the Federal Power Act and is subject to the jurisdiction of the Commission;

(iii) Maine Public Service Company has failed or refused to comply with the Commission's Order No. 42, adopted June 16, 1936, and adopt the Uniform System of Accounts prescribed thereby;

(iv) Maine Public Service Company has failed or refused to comply with Electric Plant Accounts Instruction 2-D of the Commission's Uniform System of Accounts and with the Commission's order adopted May 11, 1937;

(v) Maine Public Service Company owns, operates or maintains facilities at the border of the United States for the

transmission of electric energy between the United States and a foreign country and should be required to obtain a Presidential Permit, therefore, in compliance with Executive Order No. 8202 and Part 32 of the Commission's Regulations under the Federal Power Act and should obtain the Commission's approval and authorization for the exportation of electric energy to a foreign country as required by section 202 (e) of the Federal Power Act and Part 32 of the Commission's Regulations under the Federal Power Act;

(vi) The Commission should institute appropriate proceedings against Maine Public Service Company, its officers or directors for such failure or refusal to comply with applicable orders, requirements and requests of the Commission;

(B) Nothing contained in this order shall be construed as a waiver or a stay of the requirements of any orders or other requests of the Commission which may be applicable to the Maine Public Service Company.

Date of issuance: December 4, 1946.

By the Commission.

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 46-21466; Filed, Dec. 12, 1946;
8:48 a. m.]

[Order 135, Corr.]

POWER SYSTEM STATEMENTS FOR ELECTRIC UTILITIES, LICENSEES AND OTHERS

APPROVAL OF REVISED FORM AND FILING OF STATEMENTS

DECEMBER 9, 1946.

Correct the reference to FPC Form No. 12 in the appearing clause of Order No. 135, dated November 22, 1946, 11 F. R. 14174) reading in part as follows: "It further appearing that * * * the reporting requirements of the revised FPC Form No. 12 were approved on November 21, 1946 by the Bureau of the Budget * * *," to refer to FPC Form No. 12-D so as to read as follows: "It further appearing that * * * the reporting requirements of the revised FPC Form No. 12-D were approved on November 21, 1946 by the Bureau of the Budget * * *."

[SEAL] LEON M. FUQUAY,
Secretary.

[F. R. Doc. 46-21467; Filed, Dec. 12, 1946;
8:47 a. m.]

SECURITIES AND EXCHANGE COMMISSION

PHILADELPHIA CO., ET AL.

NOTICE OF AND ORDER INSTITUTING PROCEEDINGS AND DIRECTING HEARING AND ORDER RECONVENING HEARING AND ORDER FOR CONSOLIDATION

At a regular session of the Securities and Exchange Commission, held at its office in the City of Philadelphia, Pa., on the 5th day of December 1946.

In the matter of Philadelphia Company and certain of its subsidiary companies and Standard Power and Light Corporation and Standard Gas and Electric Company, respondents, File

No. 59-88; Standard Power and Light Corporation, Standard Gas and Electric Company and subsidiary companies thereof, respondents, File No. 59-9.

The Commission having examined, pursuant to sections 11 (a), 18 (a), and 18 (b) of the Public Utility Holding Company Act of 1935 (hereinafter sometimes referred to as the "act"), the corporate structure of Philadelphia Company, a registered holding company, the corporate structure of the several subsidiaries of Philadelphia Company, and of Standard Power and Light Corporation (hereinafter sometimes referred to as Standard Power) and Standard Gas and Electric Company (hereinafter sometimes referred to as Standard Gas), also registered holding companies and corporate parents of Philadelphia Company, the relationship among the companies in the holding company systems of Philadelphia Company and of Standard Power and Standard Gas, the character of the interests thereof and the property owned or controlled thereby, to determine the extent to which the corporate structure of such holding company systems and the companies therein may be simplified, unnecessary complexities therein eliminated, voting power fairly and equitably distributed among the security holders thereof, and the property and business of each such system confined to those necessary or appropriate to the operations of an integrated public utility system or systems meeting the applicable standards of section 11 (b) of the act; and said examination having disclosed data establishing or tending to establish the following:

Parts I, II and III (Factual recitation set forth in full in Exhibit A attached hereto for filing in FEDERAL REGISTER).

IV. It appearing to the Commission, on the basis of the allegations hereinbefore set forth, that the corporate structure of the holding company system of which Philadelphia Company is a part is unduly and unnecessarily complicated, that voting power is unfairly and inequitably distributed among the security holders thereof, and that proceedings should be instituted under section 11 (b) (2) of the act with respect to the holding company system of Philadelphia Company and its subsidiaries; and

It further appearing to the Commission that the various guarantees of Philadelphia Company and Fort Pitt Traction Company, under the various leases and agreements relating to the Pittsburgh Railway system, mentioned above, are an unnecessary complexity in the corporate structure of Philadelphia Company and that a disposition of the corporate problems presented by such guarantees, on a fair and equitable basis, would facilitate the reorganization proceedings of Pittsburgh Railways now pending:

Wherefore, *It is ordered*, That proceedings be and the same are hereby instituted under section 11 (b) (2) of the act with respect to Philadelphia Company and each of the subsidiaries of Philadelphia Company hereinbefore named. There are hereby made respondents in this proceeding Philadelphia Company; its parents, Standard Power and Light Corporation and Standard Gas and Electric Company, each of

File Nos. 59-88, 59-9.

the subsidiaries of Philadelphia Company (direct or indirect) hereinbefore named, other than Pittsburgh Railways Company and subsidiaries and the street railway subsidiaries of Philadelphia Company. Said respondents shall file with the Secretary of the Commission, on or before fifteen days prior to the date hereinbefore fixed for said hearing, their joint or several answers in the form prescribed by Rule U-25, admitting, denying, or otherwise explaining their respective positions as to each of the allegations set forth in paragraphs 1 through 22 hereof. Any such answer filed by any respondent which is a registered holding company may include a statement by such respondent of its views as to what steps are necessary and which respondents are prepared to take to ensure that the corporate structure or continued existence of any company in the holding company system or systems of which it is a part does not unduly or unnecessarily complicate the structure, or unfairly and inequitably distribute voting power among security holders of such holding company system or systems. Any such answer may also include a statement of views as to what action should be taken by Philadelphia Company and Fort Pitt Traction Company for the satisfaction on a fair and equitable basis of the rights of the holders of obligations guaranteed by them.

It is further ordered, That the said proceedings hereby instituted under section 11 (b) (2) of the act be and are hereby consolidated with the proceedings previously instituted pursuant to section 11 (b) (1) of the act with respect to Standard Power and Light Corporation, Standard Gas and Electric Company, and their subsidiaries (File No. 59-9), and that the evidence heretofore taken in said proceedings pursuant to section 11 (b) (1) shall be considered to the extent material and relevant in these consolidated proceedings, subject to the right of any interested person to object to the consideration of such evidence for good cause shown, and to supplement such evidence as may be appropriate.

It is further ordered, That a hearing under the applicable provisions of the act and the rules of the Commission be held on the 21st day of January, 1947, at 10:00 a. m., e. s. t., in Room 318 of the offices of the Securities and Exchange Commission, 18th and Locust Streets, Philadelphia 3, Pennsylvania, at which time respondents and any other interested persons will be heard with respect to the matters and questions hereinafter set forth. The Public Utilities Division has requested that the hearing officer, in accordance with the last paragraph of Rule III of the rules of practice, as soon as possible after the opening of said hearing, call a conference of the parties for the purpose of specifying and agreeing on the procedural steps to be followed in said proceeding as specified in Rule III (e) of such rules, including therein the recommended disposition of any issues that appear to be without substantial basis of controversy, the simplification of other issues, and the order of presentation of evidence deemed most conducive to an orderly and expeditious

proceeding. The hearing for the taking of evidence in such proceedings shall, unless otherwise directed by the hearing officer, be convened at 2:00 p. m. on the aforesaid day.

It is further ordered, That the specific matters of fact and law to be considered and determined at said hearing (subject to such amendment as may hereafter be made and subject to the consideration and determination of such other issues as may be raised by interested parties), are the following:

(a) Whether the gas utility assets owned or controlled by Philadelphia Company (directly or through subsidiaries) constitute a single integrated gas utility system or systems;

(b) Whether more than one of the various electric and gas utility systems owned or controlled by Philadelphia Company (directly or through subsidiaries) may be retained under common control by Philadelphia Company or any of its subsidiaries under the provisions of section 11 (b) (1) of the act, especially clauses (A) and (C) thereof;

(c) Whether the non-utility businesses conducted by the subsidiaries of Philadelphia Company are reasonably incidental or economically necessary or appropriate to the operations of any single integrated public utility system or systems retainable under the control of Philadelphia Company;

(d) What action is necessary to be taken by Philadelphia Company and by each of its subsidiaries to limit its operations to those of a single integrated public utility system, together with such additional utility systems, and other businesses, if any, as are retainable under the standards of section 11 (b) (1) of the act;

(e) What steps are necessary and should be required to be taken by such of the respondents as are registered holding companies to cause any such holding company to cease to be a holding company with respect to each of its subsidiary companies which itself has a subsidiary which is a holding company, as required by the second sentence of section 11 (b) (2) of the act; and

(f) What steps are necessary and should be required to be taken by Philadelphia Company and by each of the respondents to eliminate various complexities in the corporate structure of the holding company system of Philadelphia Company, and to bring about a fair and equitable distribution of voting power among security holders of such holding company system, including the elimination of the following complexities in the corporate structure of such holding company system:

(i) The ownership by Philadelphia Company of gas utility properties not operated by Philadelphia Company but leased to Equitable Gas Company;

(ii) The existence of large open accounts and other interaffiliate relationships and transactions, especially those open accounts on the books of Equitable Gas Company in favor of its parent companies, Philadelphia Company and Pittsburgh and West Virginia Gas Company;

(iii) The existence of unduly large amounts of debt and preferred stock of Philadelphia Company;

(iv) The division of the ownership of the preferred and common stocks of Kentucky West Virginia Gas Company by Louisville Gas and Electric Company of Kentucky and Philadelphia Company;

(v) The existence of the guarantees by Philadelphia Company of the obligations of certain of its street railway subsidiaries under various leases, pursuant to which guarantee Philadelphia Company is obligated to pay certain sums of moneys each year in the form of annual rental covering the use of street railway properties and franchises, such guarantees by Philadelphia Company relating to the payment of interest on the bonds of certain lessor companies and dividends on stocks as well as certain taxes, as more specifically set forth in the lease agreements between Suburban Rapid Transit Street Railway Company and Consolidated Traction Company, between Monongahela Street Railway Company and Consolidated Traction Company and between Pittsburgh & Birmingham Traction Company and United Traction Company of Pittsburgh, the performance under such leases by Consolidated Traction Company and United Traction Company of Pittsburgh being guaranteed by their parent, Philadelphia Company.

(vi) The existence of the guarantee by Philadelphia Company of the payment of principal and interest on \$1,968,000 of 5% General Mortgage Bonds of Pittsburgh Railways Company.

(vii) The existence of the guarantee by Fort Pitt Traction Company, under lease agreements with Allegheny Traction Company and Citizens Traction Company, under which Fort Pitt Traction Company is obligated to pay a specified rental and to pay principal and interest on the lessors' bonds and principal and interest on bonds of the lessors' subsidiaries, namely, Millvale, Etna & Sharpsburg Street Railway Company and Penn Street Railway Company.

It is further ordered, That Richard Townsend or any other hearing officer or hearing officers of the Commission designated by it for that purpose shall preside at the hearings in such matter. The hearing officer so designated to preside at any such hearing is hereby authorized to exercise all powers granted to the Commission under section 18 (c) of said act and to a hearing officer under the Commission's rules of practice.

It is further ordered, That at said hearing respondents shall show cause why an order should not be entered pursuant to section 11 (b) (2) of said act directing that Philadelphia Company (unless, in the answer filed as hereinbefore provided, it shall elect to divest itself of all its electric properties and to continue in business only as a gas utility company) liquidate and dissolve.

It is further ordered, That any person desiring to be heard in connection with these proceedings or proposing to intervene herein shall file with the Secretary of the Commission, not later than two days prior to the date hereinbefore fixed as the date for said hearing, his request or application therefor, as prescribed by Rule XVII of the rules of practice of the Commission. Such request shall set forth the nature of the applicant's in-

terest in the proceedings, his reasons for requesting to be heard or to intervene, which of the allegations and issues, as set forth in sections 1, 2, 3 and 4 hereof, applicant proposes to controvert, together with a statement of any additional issues which the applicant proposes to raise with respect to the proceedings herein instituted.

It is further ordered, That the Secretary of the Commission shall serve notice of the hearing aforesaid by mailing a copy of this notice and order of hearing by registered mail to Philadelphia Company, to Standard Power and Light Corporation, to Standard Gas and Electric Company, to each of the subsidiaries of Philadelphia Company named in paragraph (2), *supra*, the Mayor of the City of Pittsburgh, Pennsylvania, to the Public Utility Commission of Pennsylvania, to the Public Service Commission of Kentucky, to the Public Service Commission of West Virginia, to the Federal Power Commission, to the Trustees of Pittsburgh Railways Company, to Pittsburgh & Birmingham Traction Company, Pittsburgh & Birmingham Passenger Railroad Company, Brownsville Avenue Street Railway Company, The South Side Passenger Railroad Company, West Liberty Street Railway Company, Birmingham, Knoxville and Allentown Traction Company, Mt. Oliver Incline Railway Company, Pittsburgh Incline Plane Company, Monongahela Street Railway Company, Suburban Rapid Transit Street Railway Company,

Allegheny Traction Company and Millvale, Etna and Sharpsburg Street Railway Company, not less than twenty days prior to the date hereinbefore fixed as the date of hearing; and that notice of said hearing is hereby given to Philadelphia Company and its subsidiaries, to Standard Power and Light Corporation, to Standard Gas and Electric Company, to their security holders, and to all consumers of Philadelphia Company and its subsidiaries, to all states, municipalities and political subdivisions of states within which are located any of the physical assets of said companies or under the laws of which any of said companies are incorporated, to all state commissions, state security commissions, and all agencies, authorities and instrumentalities of any state, municipality, or other political subdivision having jurisdiction over Philadelphia Company or its subsidiaries or any of the businesses, affairs or operations of any of them and to all other interested persons, such notice to be given by a general release of the Commission, distributed to the press and mailed to the mailing list for releases issued under the Public Utility Holding Company Act of 1935; and by publication of this notice and order in the FEDERAL REGISTER not later than twenty days prior to the date hereinbefore fixed as the date of hearing.

By the Commission.

[SEAL]

ORVAL L. DUBOIS,
Secretary.

EXHIBIT A

1. Philadelphia Company is a corporation organized under the laws of the Commonwealth of Pennsylvania and is a registered holding company. Its principal offices are located in Pittsburgh, Pa. Philadelphia Company controls fifteen direct and forty indirect subsidiaries. One of its subsidiaries, Pittsburgh and West Virginia Gas Company, is a registered holding company as well as a gas producing and transmission company, while six of its subsidiaries are public utility companies within the meaning of section 2 (a) (5) of the act. Philadelphia Company also owns a natural gas producing and transmission system located in southwestern Pennsylvania and a gas distributing system located in the City of Pittsburgh and surrounding territory which systems are leased to and operated by its indirect subsidiary, Equitable Gas Company.

2. Standard Gas is a corporation organized under the laws of the State of Delaware and is a registered holding company. Standard Gas owns 5,024,790 shares (96.8%) out of 5,190,647 shares of common stock of Philadelphia Company outstanding. Its principal office is in Chicago, Illinois.

3. Standard Power is a corporation organized under the laws of the State of Delaware and is a registered holding company. Standard Power owns 1,160,000 shares (53.6%) out of 2,182,607 shares of Standard Gas common stock. Its principal office is in Jersey City, N. J.

4. The names of the subsidiary companies presently embraced in the holding company system of Philadelphia Company, the corporate relationship of the system companies to each other, and the nature of their business as of December 31, 1945, are shown in the following table:

Name of company	Percent of voting control	Nature of business	Name of company	Percent of voting control	Nature of business
Standard Power & Light Corp. ¹			Standard Power & Light Corp.—Continued.		
Standard Gas & Electric Co. ¹	53.6	Holding company.	Standard Gas & Electric Co.—Continued.		
Philadelphia Co.	96.8	Do.	Philadelphia Co.—Continued.		
Duquesne Light Co.	100.0	Electric company.	United Traction Company of Pittsburgh—Continued.		
Allegheny County Steam Heating Co.	100.0	Steam company.	The Pittsburgh, Allegheny & Manchester Traction Co.	100.0	Street railway.
Pittsburgh & West Virginia Gas Co. ²	100.0	Holding—gas company	Pittsburgh, Allegheny & Manchester Passenger Ry. Co.	100.0	Do.
Equitable Gas Co.	100.0	Gas company.	Pittsburgh Union Passenger Ry. Co.	100.0	Do.
Philadelphia Oil Co. ³	100.0	Petroleum products.	Second Avenue Passenger Ry. Co.	100.0	Do.
Finleyville Oil & Gas Co.	100.0	Gas products.	Second Avenue Traction Co.	100.0	Do.
Kentucky West Virginia Gas Co. ²	60.0	Do.	The Second Avenue Traction Co.	100.0	Do.
The Consolidated Gas Co. of the City of Pittsburgh. ³	71.17	Manufactured gas.	Washington & Canonsburg Ry. Co.	100.0	Do.
The Cheswick & Harmar R. R. Co.	100.0	Freight transfer.	West End Traction Co.	100.0	Do.
Equitable Auto Co.	100.0	Auto service.	Pittsburgh, Crafton & Mansfield Street Ry. Co.	100.0	Do.
Equitable Real Estate Co.	100.0	Real estate.	Pittsburgh, Neville Island & Coraopolis Ry. Co.	100.0	Do.
Equitable Sales Co. ⁴	100.0	Appliance sales.	Pittsburgh & West End Ry. Co.	100.0	Do.
Pittsburgh Railways Co.	100.0	Street railway.	West Liberty & Suburban Street Ry. Co.	100.0	Do.
Allegheny, Bellevue & Perrysville Ry. Co.	100.0	Do.	West Shore Electric Street Ry. Co.	100.0	Do.
The Aliquippa & Roscoe Electric Street Ry. Co.	100.0	Do.	Consolidated Traction Co.	98.78	Do.
Ben Avon & Emsworth Street Ry. Co.	100.0	Do.	Ardmore Street Ry. Co.	100.0	Do.
Bon-Air Street Ry. Co.	100.0	Do.	The Central Traction Co.	97.29	Do.
Cedar Avenue Street Ry. Co.	100.0	Do.	Central Passenger Ry. Co.	100.0	Do.
East McKeesport Street Ry. Co.	100.0	Do.	The Duquesne Traction Co.	88.56	Do.
Mount Washington Street Ry. Co.	100.0	Do.	The Duquesne Street Ry. Co.	100.0	Do.
Mount Washington Tunnel Co.	100.0	Tunnel.	Fort Pitt Traction Co.	100.0	Do.
Pittsburgh, Canonsburg & Washington Ry. Co.	100.0	Street railway.	The Pittsburgh Traction Co.	99.46	Do.
Pittsburgh & Charleroi Street Ry. Co.	100.0	Do.	The Morningside Electric Street Ry. Co.	100.0	Do.
Pittsburgh Motor Coach Co.	100.0	Bus transportation.	Seventeenth Street Incline Plane Co.	100.0	Incline plane transportation.
Superior Avenue & Shady Avenue Street Ry. Co.	100.0	Street railway.	The Citizens Traction Co.	13.14	Street railway
United Traction Company of Pittsburgh—Federal Street & Pleasant Valley Passenger Ry. Co.	99.75	Do.	Penn Street Ry. Co.	100.0	Do.
Glenwood & Dravosburg Electric Street Ry. Co.	53.57	Do.	Monongahela Street Ry. Co.	24.70	Do.
The McKeesport & Raynoldton Passenger Ry. Co.	100.0	Do.			

¹ Standard Power and Standard Gas are incorporated in the State of Delaware.

² These companies are incorporated in the State of West Virginia; all others are Pennsylvania corporations.

³ Inactive companies.

There are eleven (11) other street railway companies in the Pittsburgh Railways system, the properties of which are operated under lease and other agreements as an integral part of the transportation system but whose vot-

ing securities are publicly held to the extent of 93% or more in each instance.

5. The names of the members of the Board of Directors, as of December 31, 1945, of Philadelphia Company and of Duquesne Light

Company, their business addresses, and their relationships with Standard Gas and Public Utility Engineering and Service Corporation, the subsidiary service company of Standard Gas, are shown below.

Name	Business address	Philadelphia Company	Duquesne Light Co.	Relationship with—	
				Standard Gas	Public Utility Engineering and Service Corp.
Leo T. Crowley	Chicago, Ill.	Director and president	Director	Director and president	Director
Fred C. Kellogg	do	Director	do	do	Director and president
Ward Perrott	do	do	do	do	Director
Phillip A. Fieger	Pittsburgh, Pa.	Director and senior vice president	do	do	do
James E. Markham	Washington, D. C.	Director and financial advisor	do	do	do
Bernard W. Lynch	Chicago, Ill.	Director	Director and president	do	do
Pressly H. McCance	Pittsburgh, Pa.	Director	Director	do	do
Arthur E. Braun	do	do	Director and vice president	do	do
Edward C. Stone	do	do	do	do	do

6. A condensed corporate balance sheet, with capitalization ratios, of Philadelphia Company as of December 31, 1945 showed the following (per books):

ASSETS		
Property, plant and equipment	\$39,018,577	
Investments in subsidiary companies consolidated	100,156,734	
Investments in street railway companies	71,579,608	
Other security investments	81,400	
Miscellaneous special funds	212,662	
Cash and U. S. Government securities	4,316,609	
Other current assets	2,532,425	
Deferred charges	4,444,184	
Total assets	222,342,199	
LIABILITIES		
	Percent of capitalization	
Current liabilities	\$5,104,407	—
Deferred credits	33,269,244	—
Reserves for retirement and depletion	16,382,951	—
Reserve for revaluation of assets	25,943,226	—
Other reserves	6,585,994	—
Contributions in aid of construction	48,620	—
Funded debt	53,980,000	40.0
Preferred stock	39,959,650	29.6
Common stock, no par	37,637,055	—
Surplus:		
Invested in capital stock reacquired	3,421	—
Paid in	699,993	—
Earned — Since 12/31/39	2,727,637	—
Total common stock and surplus	41,068,106	30.4
Total liabilities	222,342,199	100.0

7. The funded debt of Philadelphia Company listed in the above balance sheet, all of which is publicly held, is represented by:

4 1/4 % collateral trust sinking fund bonds, due July 1, 1961	\$47,826,000
2 5/8 % collateral trust serial notes, due serially to July 1, 1951	6,000,000
Other	154,000
Total	53,980,000

The 4 1/4 % collateral trust bonds and 2 5/8 % collateral trust serial notes are secured by the pledge of 2,040,000 shares of the common stock of Duquesne Light Company.

The 2 5/8 % collateral serial notes mature in the amount of \$1,200,000 annually, and are presently callable at prices ranging from 100 1/4 to 100.

The 4 1/4 % collateral trust bonds are presently callable at 105 1/2%, except for sinking fund purposes; the call price presently being 102 1/4 for such fund. Under the terms of the sinking fund the Company must pay to the Trustee \$3,550,000 annually less interest

on outstanding bonds and notes, the amount remaining after such interest payments to be applied to the retirement of bonds and notes of which \$1,200,000 must be applied to the serial payments of the notes through 1951.

8. The capital stock of Philadelphia Company is represented by the following:

1,580 shares preferred 5% non-cumulative, \$10 par value.
491,140 shares 6% cumulative preferred, \$50 par value.
100,000 shares \$6 cumulative preference, no par, stated value \$100.
53,868 shares \$5 cumulative preference, no par, stated value \$100.
5,190,647 shares common stock, no par, stated value \$7.25.
2051/2 shares common stock scrip, no par, stated value \$7.25.

All of the preferred stocks and 3.2% of the common stock are publicly held.

The Preferred 5% Non-Cumulative stock has first preference as to dividends and has equal voting rights with the common stock of one vote per share on all matters submitted to a vote of the stockholders. The Preferred 5% Non-Cumulative stock is not callable and in liquidation, voluntary or involuntary, the holders of the stock have a preference as to accrued dividends and, after the holders of the 6% Cumulative Preferred stock have been paid \$50 per share plus accrued dividends and the holders of the \$6 and \$5 Cumulative Preferred stocks have been paid \$100 per share plus accrued dividends, the holders of the Preferred 5% Non-Cumulative stock and the common stock are entitled to receive the remaining assets, share for share, except that in the opinion of Philadelphia Company's counsel, the holders of the Preferred 5% Non-Cumulative Stock are not entitled to participate with the Common Stock in surplus earned subsequent to the issuance of the Preferred 5% Non-Cumulative Stock.

The 6% Cumulative Preferred Stock has second preference as to dividends of 6% per annum and is non-callable. The stock does not have voting rights, except that in the event of any default in the payment of dividends, holders of this stock are entitled to one vote per share on all matters submitted to a vote of stockholders so long as such default shall continue. Voting rights in respect of the election of directors are as stated below.

The \$6 and \$5 Cumulative Preference Stocks have a preference as to dividends ahead of the Common Stock and both series are callable at \$110 per share, plus accrued dividends. In the event of default in the payment of four (4) quarterly dividends, the Preference shares are entitled to one vote per share on all matters submitted to the vote of stockholders, so long as such default shall continue.

In the event of any default in the payment of dividends on the 6% Cumulative Preferred or \$6 and \$5 Cumulative Preference Stocks at the date of any annual meeting of the stockholders, holders of such stocks as are then in default, voting as one class shall be

entitled to elect two members of the Board of Directors and the holders of the Preferred 5% Non-Cumulative Stock and the Common Stock, voting as one class, shall be entitled to elect the remaining members of the Board of Directors.¹ In the event that dividends are in arrears for three full years on any of the preferred stocks other than the Preferred 5% Non-Cumulative Stock, such preferred stocks, as are then in default, voting as one class, shall be entitled to elect the smallest number of directors necessary to constitute a majority of the Board of Directors, and the holders of the Preferred 5% Non-Cumulative Stock and the Common Stock, voting as one class, shall be entitled to elect the remaining members of the Board of Directors.

9. The nature and locale of the operations of the electric and gas utility subsidiaries of Philadelphia Company are as follows:

(a) Duquesne Light Company (Duquesne) owns and operates facilities for the generation, transmission, distribution and sale of electric energy. It supplies electricity to approximately 368,000 customers in and around the highly industrialized City of Pittsburgh, Pennsylvania. Its five large steam plants have a rated capacity of 624,000 KW, and in 1945 the Company sold 3,013,934,807 KWH to its customers. At December 31, 1945 Duquesne reported total assets of \$216,618,909, and for the twelve months ending December 31, 1945, gross operating revenues totalled \$43,480,541, of which \$2,117,042 represented sales to affiliated companies.

At December 31, 1945 Duquesne's gross plant and property account totalled \$182,597,017. Included in this amount was \$3,769,703 classified in Account 100.5, Electric Plant Acquisition Adjustments. Pursuant to orders of the Federal Power Commission and the Pennsylvania Public Utility Commission issued in January 1946, Duquesne will dispose of \$3,757,017 classified in Account 100.5 by equal monthly charges over a 15 year period and has disposed of \$30,853,582 classified in Account 107 by immediate charge-off in varying amounts to Earned and Capital Surplus Accounts and various reserve accounts.

Duquesne's capital structure consists of \$40,000,000 of 3 1/2 % funded debt, \$27,500,000 of Preferred Stock and \$56,813,120 of Common Stock. All of the debt and preferred stock is publicly held, while Philadelphia Company owns all of the common stock.

Duquesne has one class of preferred stock outstanding, 275,000 shares of its 5% Cumulative First Preferred, \$100 par value, all of which is publicly held. The stock is callable at any time at \$110 per share, plus accrued dividends, is entitled to \$110 per share, plus accrued dividends, in the event of any voluntary distribution of assets by the Company (except in dissolution or liquidation) and is entitled to \$100 per share, plus accrued dividends, in the event of any involuntary distribution of assets by the Company or dissolution or liquidation of the Company. The

¹ The Board of Directors of Philadelphia Company is presently composed of six (6) members.

5% Cumulative First Preferred stock does not have normal voting rights, but in the event dividends are in arrears in the amount of 5%, the stockholders are entitled to one vote per share, which would give that class of stock 12.5% of the voting power.

(b) Pittsburgh and West Virginia Gas Company (Pittsburgh and West Virginia) is a registered holding company, owning all the outstanding capital stocks of Equitable Gas Company and Philadelphia Oil Company. Pittsburgh and West Virginia is also engaged in the production, purchase, transmission and sale of natural gas at wholesale and retail. The Company produces about 30% of its gas requirements from its gas fields in West Virginia and purchases approximately 56% from its affiliated company, Kentucky West Virginia Gas Company and most of the remainder from Philadelphia Oil Company. Pittsburgh and West Virginia sells practically all of its gas supply to Equitable Gas, selling a minor portion of its supply to about 6,266 customers scattered along its transmission lines in West Virginia, plus small sales at the wells to other gas companies.

At December 31, 1945 Pittsburgh and West Virginia reported total assets of \$40,749,137, of which \$21,530,247 represented property, plant and equipment. For the 12 months ending December 31, 1945, the Company reported gross operating revenues of \$8,340,562 of which \$7,418,258 represented sales to affiliated companies.

Pittsburgh and West Virginia filed on November 30, 1942, reports with the Federal Power Commission and with the Public Service Commission of West Virginia with respect to the original cost of its properties as of December 31, 1938, and in such reports has indicated an excess or original cost of properties over book value of \$9,562,052. However, neither commission has reviewed or approved the property classifications as yet. Pittsburgh and West Virginia Gas has no outstanding debt, having only common stock outstanding, all of which is owned by Philadelphia Company.

(c) Equitable Gas Company is engaged in the production, purchase, transmission, distribution and sale of natural gas. In addition to the operation of its own properties, the Company operates gas production, transmission and distribution properties of Philadelphia Company under leases which expire November 30, 1948.

Equitable Gas is engaged primarily in the retail distribution of natural gas in the City of Pittsburgh, Pennsylvania, and surrounding communities. In 1945, the Company served 193,954 customers. The major portion of its gas requirements is purchased from Pittsburgh and West Virginia, its parent; the Company also purchases gas from Finleyville Oil and Gas Company, an affiliate, taking all of that company's production.

Including the properties leased from Philadelphia Company which have a book value of \$39,018,577, and its own properties which are carried at \$6,393,005, Equitable Gas had total assets of \$48,877,431 at December 31, 1945 and for the twelve months ending December 31, 1945 reported gross operating revenues of \$14,409,628.

On December 31, 1941, Equitable Gas filed with the Pennsylvania Public Utility Commission and with the Federal Power Commission reports with respect to the original cost of its properties and those leased from Philadelphia Company, as of December 31, 1938. The reports indicate that the excess of book value over original cost of its own properties amounted to \$206,546, and as to the leased properties amounted to \$5,733,094. Neither Commission has reviewed or approved the property classifications to date.

Equitable Gas' capital structure consists of \$39,732,394 of 6% open account debt, owed in about equal amounts to Pittsburgh and West Virginia Gas and Philadelphia Com-

pany, and \$3,300,000 of common stock, all owned by Pittsburgh and West Virginia Gas.

(d) Kentucky West Virginia Gas Company (Kentucky Gas) is a natural gas producing company operating in eastern Kentucky. The Company produces about 83% of its gas output, and in 1945 sold 82% of its gas supply to Pittsburgh and West Virginia Gas and about 17% to another affiliate, Louisville Gas and Electric Company (Kentucky). The balance of its gas sales are made to non-affiliated companies and to a small number of retail customers along its lines.

At December 31, 1945 Kentucky Gas had total assets of \$27,288,928 and for the twelve months ending December 31, 1945 reported gross operating revenues of \$4,524,627 of which \$4,339,841 was received from affiliated companies.

At December 31, 1945 Kentucky Gas' gross plant and property account was carried on its books in the amount of \$25,541,064. On February 11, 1946 Kentucky Gas filed a report with respect to the original cost of its properties as of December 31, 1939 with the Public Service Commission of Kentucky and with the Federal Power Commission and in these reports indicated that the excess of the book value of its properties over original cost amounted to \$2,567,352. Neither Commission has approved or reviewed the property classification to date.

Kentucky Gas' capital structure consists of preferred stock and common stock, all of which stock is held within the Standard Gas system.

Kentucky Gas has two classes of Preferred Stock outstanding, 29,375 shares of 5% Cumulative First Preferred, \$100 par value, all owned by Louisville Gas and Electric Company (Ky.), an affiliate, and 54,075 shares of 7% Cumulative Second Preferred, \$100 par value, 51,250 of which is owned by Philadelphia Company and 2,825 of which is owned by Pittsburgh & West Virginia Gas. Neither class of stock has any voting rights.

The common stock, of which 100,000 shares are outstanding, is owned 60% by Philadelphia Company and 40% by Louisville Gas and Electric Company (Kentucky).

10. The nature and locale of the operations of the direct and indirect non-utility subsidiaries of Philadelphia Company are as follows:

(a) Allegheny County Steam Heating Company (Allegheny Steam) all of whose debt and capital stock is owned by Duquesne, furnishes steam heating service to about 384 customers in the downtown business section of Pittsburgh, Pennsylvania.

At December 31, 1945 Allegheny Steam had total assets of \$9,482,976, and for the twelve months ending December 31, 1945 reported gross operating revenues of \$1,181,539, of which \$124,700 represented sales to affiliated companies.

(b) Philadelphia Oil Company is engaged principally in the production and sale of crude oil in territories within which Equitable Gas and Pittsburgh and West Virginia Gas produce natural gas. It also produces a small quantity of natural gas incidental to its production of oil. It has agreements with the latter companies providing for the purchase at cost of all oil wells drilled by them and for the sale to them at cost of all gas wells drilled by Philadelphia Oil in their territory.

At December 31, 1945 Philadelphia Oil had total assets of \$2,444,671, and for the twelve months ending December 31, 1945 reported gross operating revenues of \$156,433. The Company has no funded debt and its capital stock is all owned by Pittsburgh & West Virginia Gas.

(c) Finleyville Oil and Gas Company (Finleyville) owns and operates a natural gas production and transmission system in Allegheny County, Pennsylvania. The Company sells all of its gas to Equitable Gas.

Finleyville's capital structure consists of \$50,000 6% bonds due November 15, 1946, all of which are publicly held and common stock, all of which is owned by Pittsburgh and West Virginia Gas.

At December 31, 1945 Finleyville had total assets of \$960,978, and for the twelve months ending December 31, 1945 reported gross operating revenues of \$35,403.

(d) Cheswick and Harmar Railroad Company (Cheswick) operates a railroad extending from the Harwick coal mine, owned by Duquesne Light Company, to the Calfax plant of Duquesne, a distance of about 1 1/4 miles. The Company's chief business is the transportation of coal from the mine to the Duquesne plant.

At December 31, 1945 Cheswick had total assets of \$819,037, and for the twelve months ending December 31, 1945 reported gross operating revenues of \$87,736, of which \$76,252 was received from Duquesne. The Company's capital structure consists only of common stock all of which is owned by Philadelphia Company.

(e) Equitable Auto Company maintains and/or supervises the use of automotive equipment (including motor coaches) for the subsidiaries of Philadelphia Company and the Trustees of Pittsburgh Railways Company and of Pittsburgh Motor Coach Company. It also owns and leases automotive equipment to such companies.

Equitable Auto is a registered subsidiary service company under the Holding Company Act, and as such its services are rendered at cost, which includes a 6% return on capital profitably employed.

At December 31, 1945 Equitable Auto had total assets of \$695,954, and for the twelve months ending December 31, 1945 reported net income of \$20,062. The Company's only security outstanding is its common stock, all of which is owned by Philadelphia Company.

(f) Equitable Sales Company formerly conducted a retail electric and gas appliance business in Pittsburgh and environs. The business was discontinued in 1941, and its total assets of \$464,719 at December 31, 1945 consist mostly of cash and other liquid assets.

(g) Equitable Real Estate Company owns and operates a nine story office building in the business district of the City of Pittsburgh which is occupied as a central office building by Philadelphia Company and its subsidiary companies and by the Trustees of Pittsburgh Railways Company and Pittsburgh Motor Coach Company. It also owns other real properties, the major portion of which are leased to subsidiary companies of Philadelphia Company and to the Trustees. The Company also owns various pieces of vacant land leased for parking lots and other property, all located in the City of Pittsburgh.

At December 31, 1945, Equitable Real Estate had total assets of \$6,096,884 and for the twelve months ending December 31, 1945, reported gross operating revenues of \$563,748 of which \$551,745 represented revenues from affiliated companies. The Company has outstanding \$1,186,741 of 4% Real Estate Mortgage Serial Bonds due in 1957 all of which are publicly held and \$1,000,000 par value of common stock all of which is owned by Philadelphia Company.

(h) Prior to June 1938 Pittsburgh Railways Company operated a unified street railway and incline plane railway system known as the Pittsburgh Railways System in the City of Pittsburgh, Pa., and vicinity; its subsidiary, Pittsburgh Motor Coach Company, operated a bus system as an adjunct to the railway system. The traction system is comprised of Pittsburgh Railways' own properties and franchises and those of 52 so-called underlier companies linked to Pittsburgh Railways through operating agreements, assignments, leases or stock ownership. The United States District Court for the Western District of Pennsylvania appointed W. D.

FEDERAL REGISTER, Friday, December 13, 1946

George, Thomas M. Benner (now deceased) and Thomas Fitzgerald, Trustees for Pittsburgh Railways Company and Pittsburgh Motor Coach Company, on June 14, 1938, and since such appointment the Trustees have had possession of and have been operating the properties of Pittsburgh Railways, Pittsburgh Motor Coach Company and the 52 underliers. Subsequently in the proceeding, a question arose as to the jurisdiction of the District Court over the underliers for the purposes of a reorganization plan embodying substantially all of the system companies. In October 1942 a petition was filed praying that the District Court assume and exercise jurisdiction over the properties and assets of 49 of the 52 underliers for the purposes of a system-wide reorganization plan. The petition was dismissed by the District Court on April 30, 1945. On appeal, however, the Circuit Court of Appeals for the Third Circuit, on May 7, 1946, reversed the District Court's decision, and held that the District Court had jurisdiction for the purposes of a system-wide reorganization plan. Petitions for writs of certiorari were denied by the Supreme Court of the United States on October 14, 1946.

At December 31, 1945, Pittsburgh Railways Company and subsidiaries and other street railway subsidiaries of Philadelphia Company² had combined assets of \$120,696,342 and for the year 1945 reported gross operating revenues of \$22,504,828 of which \$21,783,946 represented revenues from railway operations and the balance from bus operations.

Philadelphia Company does not consolidate in its published consolidated statements its holdings in Pittsburgh Railways Company and other street railway properties. As of December 31, 1945, Philadelphia Company carried its net investment in street railways companies, including Pittsburgh Railways Company, in an amount aggregating \$27,104,737.05, representing a gross investment per books of \$71,579,608.32 less a reserve for revaluation of assets, other reserves and deferred credits aggregating \$44,474,871.27.

Philadelphia Company owns, controls or holds with power to vote, directly or indirectly, 10% or more of the common stocks of 41 of the 52 underlier companies in the system.³ Of the remaining 11 of the 52 underliers, one is a statutory affiliate of Philadelphia Company, while the other 10 are neither statutory subsidiaries nor affil-

² Certain companies (14) in the Pittsburgh Railways system, a majority of whose voting stocks are owned by the public, are not included in the reported statements of the system.

³ The 41 companies are listed at page 3 to 4 above, their names appearing after that of Pittsburgh Railways Company, Pittsburgh Motor Coach Company, which also appears in the list, is not considered an underlier and is not included in the total of 41 underlier companies.

ates. Eight of these 10 non-affiliated underlier companies, together with an affiliated and a subsidiary underlier, comprise the so-called "Guaranteed Underliers." These "Guaranteed Underliers" are as follows:

*Non-Affiliated Companies**

Pittsburgh & Birmingham Traction Co.
Pittsburgh & Birmingham Passenger Railroad Co.
Brownsville Avenue Street Railway Co.
The South Side Passenger Railroad Co.
West Liberty Street Railway Co.
Birmingham Knoxville and Allentown Traction Co.

Mt. Oliver Incline Railway Co.
Pittsburgh Incline Plane Co.

Statutory Affiliate of Philadelphia Company
The Suburban Rapid Transit Street Railway Company (Stock owned 6.6% by Philadelphia Company and a subsidiary).

Statutory Subsidiary of Philadelphia Company

Monongahela Street Railway Company (Stock owned 24.7% by Philadelphia Company and subsidiaries).

Guarantees by Philadelphia Company of leases covering the properties of the foregoing ten underliers arise by virtue of the following circumstances:

As part of the unification of the Pittsburgh Railways traction system in 1902 a contract was entered into between Philadelphia Company and A. W. Mellon, then in control of Pittsburgh & Birmingham Traction Company and Monongahela Street Railway Company. Pursuant to the contract the latter two companies executed 900-year leases of their properties⁴ to United Traction Company of Pittsburgh and Consolidated Traction Company, respectively, both subsidiaries of Philadelphia Company. At about the same time, Suburban Rapid Transit Street Railway Company executed a 900-year lease of its properties to Consolidated Traction Company. These three leases imposed upon United and Consolidated the obligations, *inter alia*, to pay as rentals to the lessor companies sums "available for dividends" on their stocks, to pay the lessor companies' taxes, to meet their interest payments and "unite" in meeting their maturities. By instruments of guarantee attached to the three leases Philadelphia Company guaranteed performance thereunder by the lessees, United and Consolidated, its subsidiaries. These lease obligations were also undertaken

⁴ Indentations indicate the status of certain of these companies as subsidiaries of Pittsburgh & Birmingham Traction Co.

⁵ The properties of Pittsburgh & Birmingham Traction Company comprised leasehold interests conveyed by its five stock-controlled companies and one other lessor company, Pittsburgh Incline Plane Company.

by Pittsburgh Railways Company pursuant to its 1902 operating agreements with United and Consolidated.

The leases of the two remaining non-subsidiary underlier companies⁶ are guaranteed by Fort Pitt Traction Company, a statutory street railway subsidiary of Philadelphia Company, the guarantee including the payment of rentals as well as the payment of principal and interest on bonds. Fort Pitt Traction also guarantees the payment of lease rentals and principal and interest on the bonds of one statutory street railway subsidiary of Philadelphia Company⁷ and the payment of principal and interest on the bonds of another.⁸

Philadelphia Company is also guarantor of payment of principal and interest on \$1,968,000 out of a total outstanding of \$2,539,000 of Pittsburgh Railways Company 5% General Mortgage Bonds due 1953. Of the guaranteed portion \$987,933⁹ are held within the Philadelphia Company system.

During the period 1941 through 1945, Philadelphia Company, as guarantor of the above-mentioned bonds of Pittsburgh Railways and as guarantor of the performance of certain leases by some of the lessee railway companies, as mentioned, above, made the following annual payments:

Year	Gross payments made by Philadelphia Company under guarantees	Amounts paid to consolidated subsidiaries of Philadelphia Company	Net amounts paid to others
1941.....	\$629,217	\$101,093	\$528,124
1942.....	628,097	104,561	523,536
1943.....	629,406	41,200	588,206
1944.....	11,913,999	103,611	1,810,388
1945.....	11,207,474	105,510	1,101,964

¹⁰ \$13,434 of the amount paid in 1945 and \$902,240 of the amount paid in 1944 represents payments on account of taxes and interest applicable to prior years, which had been the subject of litigation.

11. In the table below is shown, as of June 30, 1944, the outstanding debt and other securities of Pittsburgh Railways, its subsidiaries, the street railway subsidiaries of Philadelphia Company and the non-subsidiary street railway companies in the Pittsburgh Railway system and the holdings of such securities within the Philadelphia Company system:

* Allegheny Traction Co. and Millvale, Etna & Sharpsburg St. Ryw. Co.

¹¹ Citizens Traction Company.

¹² Penn Street Railway Company.

¹³ Of this amount Philadelphia Company owns \$163,933 and Equitable Real Estate \$824,000. Equitable Real Estate also owns an additional \$571,000 of Pittsburgh Railways General Mortgage bonds which bonds, however, are not guaranteed by Philadelphia Company.

	Amount outstanding at June 30, 1944	Owned by—					
		Pittsburgh Rys. Co.	Subsidiaries of Pittsburgh Rys. Co.	Philadelphia Co.	Street railway subsidiaries of Philadelphia Co.	Other subsidiaries of Philadelphia Co.	Nonaffiliated street railway companies
Pittsburgh Rys. Co.:							
Funded debt.....	\$10,837,000			\$1,501,933		\$1,395,000	
Notes payable and open accounts.....	10,645,152		\$130,036	10,159,633	\$355,483		
Preferred stock.....	2,500,000			2,500,000			
Common stock.....	2,500,000			2,500,000			
Pittsburgh Motor Coach Co.:							
Notes payable and open accounts.....	624,775	\$624,775					
Common stock.....	160,000	160,000					
Other subsidiaries of Pittsburgh Rys. Co. (28 companies):							
Funded debt.....	18,862,182	1,504,653	293,000	9,225,000		25,000	
Demand notes and open accounts.....	5,714,126	4,506,226		975,000	232,900		
Preferred stock.....	5,500,000	5,449,950		8,350			
Common stock.....	34,394,050	30,692,650	8,661,350				
Street railway subsidiaries of Philadelphia Co. (13 companies):							
Funded debt.....	9,701,500	63,000		8,253,500			
Notes payable and open accounts.....	5,650,462	3,749,407		1,143,235	384,998	372,822	
Preferred stock.....	12,000,000	5,000		11,679,300			
Common stock.....	24,082,000			15,360,200	9,081,130	1,386,900	
Nonsubsidiary street railway companies (11 companies):							
Funded debt.....	3,588,500	2,000		3,419,500			
Common stock.....	7,840,550		500	68,730		23,750	\$3,261,050
							4,986,500

¹ Philadelphia Company owns, controls or holds with power to vote, directly or indirectly, 1.25 percent of the stock of one company and 6.6 percent of the stock of another company in this group.

12. In the table below is shown, as of December 31, 1945, a corporate balance sheet of Pittsburgh Railways Co. and a consolidated balance sheet of Pittsburgh Railways and its subsidiaries and the majority owned street railway subsidiaries of Philadelphia Company:

	Corporate	Consolidated
ASSETS		
Property, plant and equipment.....	\$34,479,463	\$98,181,287
Investment and fund accounts.....	11,766,353	453,695
Cash and U. S. Government securities.....	20,311,743	20,472,868
Other current assets.....	1,278,775	1,288,426
Deferred charges.....	364,783	300,067
Total assets.....	68,201,117	120,696,342
LIABILITIES		
Unmatured funded debt.....	8,908,000	14,572,050
Matured funded debt.....	1,500,000	16,250,500
Accrued and matured interest.....	13,913,893	13,913,893
Accrued and matured interest and rents.....	3,444,864	2,894,296
Indebtedness owed Philadelphia Co. and subsidiaries.....	32,726,800	35,224,639
Total indebtedness.....	60,493,557	82,855,378
Current liabilities.....	7,141,579	6,914,508
Deferred liabilities.....	61,695	288,935
Deferred income (contra).....	268,550	
Unredeemed tickets.....	454,626	504,070
Matured bond interest and dividends.....	25	991
Retirement reserve.....	27,716,817	28,635,713
Other reserves.....	3,299,484	3,299,484
Contributions in aid of construction.....	7,263	252,705
Minority interest in subsidiaries.....		2,964
5 percent cumulative preferred stock (\$50 par).....	2,500,000	2,500,000
Common stock (\$50 par).....	2,500,000	2,500,000
Capital stock of subsidiaries.....		27,695,920
Surplus (deficit).....	(36,242,483)	(34,754,416)
Total liabilities.....	\$68,201,117	120,696,342

13. The following table presents the capitalization, including surplus, of the electric and gas utility subsidiaries of Philadelphia Company at December 31, 1945:

	Duquesne	Percent	Pittsburgh & W. Va. Gas	Percent	Kentucky W. Va. Gas	Percent	Equitable Gas	Percent
Funded debt.....	\$70,000,000	43.1						
Preferred stock.....	27,500,000	17.0			\$8,345,000	74.0	\$39,732,394	1,253.2
Common stock.....	56,813,120	35.0	\$8,600,000	33.0	1,304,715	11.5	3,300,000	104.1
Earned surplus.....	8,025,207	4.9	15,792,483	60.7	1,636,838	14.5	(39,861,974)	(1,257.3)
Capital surplus.....			1,657,343	6.3				
Subtotal.....	64,838,327	39.9	26,049,826	100.0	2,941,553	26.0	(36,561,974)	(1,153.2)
Total.....	162,338,327	100.0	26,049,826	100.0	11,286,553	100.0	3,170,420	100.0

* Represented by 6 percent open account debt owed to affiliated companies, \$19,800,129 owed to Pittsburgh & West Virginia Gas and \$19,923,265 to Philadelphia Co.

14. The property accounts and applicable depreciation reserves of the principal subsidiaries of Philadelphia Company at December 31, 1945, were as follows:

Subsidiaries	Total plant account	Reserve for depreciation	Percent of reserve to plant account	Percent
Duquesne	\$182,597,017	\$34,353,678	18.8	
Pittsburgh and West Virginia Gas	21,530,247	13,577,334	63.3	
Equitable Gas	145,411,582	20,390,232	45.0	
Kentucky-West Virginia Gas	25,541,064	15,220,481	59.7	
Pittsburgh Railways System	98,181,237	28,635,713	29.2	

¹ Includes gas properties leased from Philadelphia Co.

15. Philadelphia Company has obtained most of its corporate income in recent years in the form of dividend income from Duquesne and rental income from Equitable Gas, as shown in the following table:

Year	Dividends from Duquesne	Lease rental from Equitable gas	All other	Total revenues
1945.....	\$8,180,746	\$2,894,887	\$1,285,504	\$12,361,137
1944.....	8,396,029	2,897,033	787,222	12,080,284
1943.....	8,611,312	2,720,909	578,058	11,900,379
1942.....	8,611,312	2,639,339	544,430	11,795,081
1941.....	8,396,029	2,100,052	669,239	11,089,319

16. The following table presents the average consolidated gross operating revenues of Philadelphia Company and its utility subsidiaries (excluding the Pittsburgh Railways System) for the period 1941 to 1945 and the percentage relationship of type of revenues to total revenues:

	Percent
Electric.....	41,776,091 71.2
Gas.....	15,885,644 27.1
Steam.....	914,103 1.6
Oil.....	134,779 .1
Total gross operating revenues.....	58,710,617 100.0

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17. The following table presents the average gross income, income deductions, net income, Preferred Stock dividend requirements and balance available for Common Stock for

the period 1941 to 1945, inclusive, of the utility subsidiaries of Philadelphia Company on a corporate basis and of Pittsburgh Railways System on a consolidated basis:

	Gross income	Income deductions	Net income	Preferred stock dividend requirements	Balance for common stock
Duquesne	\$13,095,034	\$2,898,272	\$10,196,762	\$1,375,000	\$8,821,762
Pittsburgh & W. Va. Gas	760,703	(5,817)	756,520		756,520
Equitable	(219,220)	1,546,748	(1,765,968)		(1,765,968)
Kentucky W. Va. Gas	953,674	(9,682)	963,356	625,400	437,956
Pittsburgh Railways System	2,466,598	33,706,485	(1,239,887)		

() denotes red figure.

18. The corporate and consolidated net income of Philadelphia Company the Preferred Stock dividend requirements of Philadelphia Company, and the balance of net income applicable to its Common Stock on a corporate and consolidated basis and the amount of Common Stock dividends paid from 1941 through 1945 are shown in the following table:

Year	Net income		Preferred stock dividend requirements
	Corporate	Consolidated ¹	
1945	\$5,734,162	\$6,297,965	\$2,343,550
1944	5,647,985	7,094,588	2,343,550
1943	5,779,720	8,039,162	2,343,550
1942	5,980,933	7,933,752	2,343,550
1941	5,416,750	5,964,939	2,343,550

Year	Net income applicable to common stock		Common dividends paid
	Corporate	Consolidated ¹	
1945	\$3,390,613	\$3,954,415	\$2,854,856
1944	3,304,435	4,751,036	2,854,856
1943	3,436,170	5,695,612	2,854,856
1942	3,646,383	5,590,202	2,854,856
1941	3,073,200	3,621,389	2,517,266

¹ Consolidated statements do not include Pittsburgh Railways and its subsidiaries or the street railway subsidiaries of Philadelphia Co.

19. The consolidated capitalization including surplus of Philadelphia Company and its subsidiaries (other than Pittsburgh Railway System Companies) at December 31, 1945 (as adjusted to reflect Preferred Stocks at their liquidating value), and adjusted to eliminate known amounts of excess over original cost of utility plant was as follows:

	Per books—Dec. 31, 1945		Per books—Adjusted	
	Amount	Percent	Amount	Percent
Long-term debt:				
Philadelphia Co. Subsidiaries	\$53,980,000 71,279,354	21.03 27.76	\$53,980,000 71,279,354	22.08 29.16
Total long-term debt	125,259,354	48.79	125,259,354	51.24
Preferred stocks:				
6 percent cumulative preferred stock	24,557,000	9.56	24,557,000	10.04
\$6 cumulative preference stock	10,000,000	3.89	10,000,000	4.09
\$5 cumulative preference stock	5,386,800	2.10	5,386,800	2.20
Preferred 5 percent noncumulative stock	15,800	.01	15,800	.01
Subsidiaries, preferred stocks	39,959,600 32,167,300	15.50 12.53	39,959,600 32,167,300	16.35 13.14
Total preferred stock	72,126,900	28.09	72,126,900	29.50
Common stock and surplus:				
Philadelphia Co.: Common stock (including scrip)	37,633,684	14.66	37,633,684	15.39
Kentucky West Virginia Gas Co. common stock (held by affiliate)	521,886	.20	521,886	.21
Surplus:				
Special capital surplus	9,376,228	3.65	9,376,228	3.84
Surplus invested in capital stocks of Philadelphia Co. re-acquired	3,421		3,421	
Paid-in surplus—Philadelphia Co.	699,993	.27	699,993	.29
Minority interest in surplus of subsidiary company	654,735	.26	654,735	.27
Earned surplus	10,408,491	4.08	(1,808,204)	(.74)
Total common stock and surplus	69,358,438	23.12	47,081,743	19.26
Total capitalization and surplus	236,744,692	100.00	244,467,997	100.00

¹ As stated hereinbefore, Pittsburgh & West Virginia Gas Co. has reclassified an amount aggregating \$9,552,052 in its property accounts, which is represented to be excess of original cost over book value. No position is taken by this Commission as to the ultimate disposition of this amount and for the purposes of these computations no recognition is given to this amount.

² Adjustments to earned surplus include the following items:

Elimination of balance remaining in Account 100.5 of Duquesne Light Co. \$3,769,703

Eliminations of excesses of book value over original cost as represented by—

Equitable Gas Co. 206,546

Philadelphia Co. (gas properties leased to Equitable) 5,733,094

Kentucky West Virginia Gas Co. 2,567,352

Total 8,506,992

Total adjustments 12,276,695

20. Recapitulating certain pertinent facts from the foregoing, it appears that Standard Power, Standard Gas, and Philadelphia Company directly or indirectly own, control, or hold with power to vote, various assets, or securities representing assets, including the following:

(a) Electric utility assets, serving electricity in and around the City of Pittsburgh, Pennsylvania (directly owned by Duquesne Light Company) which electric properties have previously been found by the Commission to constitute a single integrated electric utility system.¹⁰

(b) Gas utility assets in and around the City of Pittsburgh and elsewhere in Pennsylvania, West Virginia, and eastern Kentucky (owned directly as to various portions by Philadelphia Company, Equitable Gas Company, Pittsburgh and West Virginia Gas Company, and Kentucky West Virginia Gas Company), concerning which gas utility assets no finding has been made by the Commission with respect to how many integrated gas utility systems are included therein, nor as to the extent, if any, to which such gas utility properties may be retained, together with each other or with any other properties;

(c) Assets used in businesses other than electricity and gas, including street railway, steam heat, oil, steam railway, appliance sales, servicing of automotive equipment, and real estate, located in Pennsylvania and West Virginia, and operated through various subsidiaries, concerning which no findings have been made by the Commission as to the retainability together with other properties.

21. The foregoing allegations, and the facts otherwise disclosed to the Commission in the course of its investigation hereinbefore referred to, indicate or tend to indicate that the corporate structure of each of the holding company systems of Standard Power, Standard Gas, and Philadelphia Company is unduly and unnecessarily complicated, and that voting power is inequitably distributed among the security holders of each such holding company system, particularly in that:

(a) The continued existence of said holding companies, and of Pittsburgh and West Virginia Gas Company, a holding company which is a subsidiary of Philadelphia Company, violates the second sentence of section 11 (b) (2), commonly referred to as the "Great Grandfather Clause";

(b) The present capital structure of Philadelphia Company, which includes in substantial amounts two classes of debt securities and three different classes of preferred stock, of which several are non-callable issues, is unduly and unnecessarily complicated, and results in an unfair and inequitable distribution of voting power among security holders of Philadelphia Company and of various other companies in its holding company system;

(c) The continued existence of the guarantee arrangements, under which Philadelphia Company has guaranteed certain obligations of various of its subsidiaries and of certain other so-called "underlier" companies in the Pittsburgh Railways system, constitutes an undue and unnecessary complexity in the corporate structure of Philadelphia Company;

(d) The present arrangement, under which the various transportation properties of the Pittsburgh Railways system are owned by fifty-four different corporations under a system of leases and other operating agreements, is unduly and unnecessarily complicated;

(e) The existence of substantial amounts of senior securities of Philadelphia Com-

¹⁰ Standard Power and Light Corporation et al., 9 Sec. 862 (1941).

pany, a holding company, creates undue leverage and results in an unfair and inequitable distribution of voting power among security holders, whereby control of properties of great value is vested in securities representing a disproportionate small investment;

(f) The arrangement pursuant to which Philadelphia Company owns certain gas utility assets which are leased to and operated by Equitable Gas Company, and the existence of the large open account on the books of Equitable Gas Company in favor of Philadelphia Company and Pittsburgh and West Virginia Gas Company, bearing 6% interest, constitutes an undue and unnecessary complexity in the corporate structure of the holding company system, and results in unfair and inequitable distribution of voting power.

22. The foregoing allegations, and the facts otherwise disclosed to the Commission in the course of its investigation hereinbefore referred to, indicate or tend to indicate that:

(a) The various gas utility properties owned or controlled by Philadelphia Company and other respondents cannot be retained together with any of the electric properties owned by such companies under the standards of section 11 (b) (1), particularly clauses (A) and (C) thereof;

(b) The continued combination of all of such electric and gas properties, and their retention under the control of Standard Power, Standard Gas, or Philadelphia Company, is so large as to impair the advantages of localized management, efficient operation, and the effectiveness of regulation, and in particular the continuance of control over the local operations of Duquesne Light Company, Equitable Gas Company and other operating utility companies, by Standard Power, Standard Gas, and various individuals constituting the managements of said companies and of Philadelphia Company, who reside or have their principal places of business in New York, New York, and Chicago, Illinois;

(c) The various businesses other than electric and gas properties, hereinbefore referred to, cannot be retained as reasonably incidental or economically necessary or appropriate to the operations of either the electric or gas utility properties, with the possible exception of the steam heat, steam railway, appliance sales, and servicing of automotive equipment.

(d) The continued existence of Philadelphia Company is an undue and unnecessary complexity in the corporate structure of the holding company systems of which it is a part, and results in an unfair and inequitable distribution of voting power among security holders of companies in such holding company systems.

III. The Commission having previously, in proceedings in *Standard Power and Light Corporation and Standard Gas and Electric Company, et al.* (File No. 59-9), received certain evidence with respect to the holding company systems of Standard Power and Light Corporation, Standard Gas and Electric Company, and Philadelphia Company, including evidence with respect to the electric utility assets of Duquesne Light Company and the gas utility assets of Philadelphia Company and certain of its subsidiaries, and the Commission having on August 8, 1941 issued its Findings and Opinion (9 S. E. C. 862) in which it was found, among other things, that the electric utility assets of Duquesne Light Company constituted an integrated public utility system as defined in section 2 (a) (29) (A) of the act, and the Commission having entered our order directing that Standard Gas and Electric Company divest itself of various of its holdings in its subsidiaries pursuant to the provisions of section 11 (b) (1) of the act, but having

reserved jurisdiction over such other questions as might be presented under section 11 (b) (1) of the act with respect to the gas properties and other holdings of Philadelphia Company and its subsidiaries; and

It appearing that consideration should be given at this time to the disposition of such other issues pursuant to section 11 (b) (1), with respect to what steps should be taken by Standard Power and Light Corporation, Standard Gas and Electric Company, and Philadelphia Company, with particular reference to the holdings of Standard Power and Light and Standard Gas and Electric Company in Philadelphia Company and the holdings of Philadelphia Company in subsidiaries of the latter Company, pursuant to the jurisdiction heretofore reserved in said order dated August 8, 1941; and

It appearing further that the proceedings hereby instituted pursuant to section 11 (b) (2) are related to and contain common questions of law and fact with the proceedings previously instituted and pending pursuant to section 11 (b) (1) (File No. 59-9), that the evidence heretofore taken in said latter proceedings should be considered to the extent material and relevant in said proceedings pursuant to section 11 (b) (2), subject to the right of any interested person to object to the consideration of such evidence for good cause shown, and to supplement such evidence as may be appropriate; and that, accordingly, the aforesaid proceedings hereby instituted pursuant to section 11 (b) (2) may properly be consolidated with the proceedings previously instituted and pending pursuant to section 11 (b) (1).

[F. R. Doc. 46-21446; Filed, Dec. 12, 1946; 8:47 a. m.]

[S. O. 422, Special Permit 20]

HOLDING OF ASPHALT IN DRUMS FOR EXPORT AT NEW ORLEANS, LA.

Pursuant to the authority vested in me by paragraph (c) of the first ordering paragraph of Service Order No. 422 (11 F. R. 250), permission is granted for any common carrier by railroad subject to the Interstate Commerce Act:

To disregard the provisions of Service Order No. 422 insofar as it applies to the holding under load until December 11, 1946 by the T & P Ry. at New Orleans, La., of MKT 95927 and IC 40054, asphalt in drums for export.

A copy of this special permit has been served upon the Association of American Railroads, Car Service Division, as agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement; and notice of this permit shall be given to the general public by depositing a copy in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director, Division of the Federal Register.

Issued at Washington, D. C., this 5th day of December 1946.

V. C. CLINGER,
Director,
Bureau of Service.

[F. R. Doc. 46-21453; Filed, Dec. 12, 1946; 8:48 a. m.]

[S. O. 645, Special Permit 69]

BITUMINOUS COAL AT HAMPTON ROADS, VA.

Pursuant to the authority vested in me by paragraph (e) of the first ordering paragraph of Service Order No. 645, 11 F. R. 13639, permission is granted for any common carrier by railroad subject to the Interstate Commerce Act:

To disregard the provisions of paragraphs (a), (b), and (c) of Service Order No. 645.

This general permit shall become effective at 2:30 p. m., December 8, 1946, and it shall expire at 7:00 a. m., December 27, 1946.

A copy of this general permit has been served upon the Association of American Railroads, Car Service Division, as agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement; and notice of this permit shall be given to the general public by depositing a copy in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director, Division of the Federal Register.

Issued at Washington, D. C., this 8th day of December 1946.

INTERSTATE COMMERCE
COMMISSION,
T. J. LEONARD,
Agent.

[F. R. Doc. 46-21454; Filed, Dec. 12, 1946;
8:49 a. m.]

INTERSTATE COMMERCE
COMMISSION,
T. J. LEONARD,
Agent.

[F. R. Doc. 46-21456; Filed, Dec. 12, 1946;
8:49 a. m.]

FEDERAL REGISTER, Friday, December 13, 1946

[S. O. 645, Special Permit 68]

BITUMINOUS COAL AT SOUTH AMBOY, N. J.

Pursuant to the authority vested in me by paragraph (e) of the first ordering paragraph of Service Order No. 645 (11 F. R. 13639), permission is granted for any common carrier by railroad subject to the Interstate Commerce Act:

To disregard the provisions of Service Order No. 645 insofar as it applies to the delivery for dumping and dumping, at piers at South Amboy, New Jersey, by the Pennsylvania Railroad, of approximately 2,200 tons of bituminous coal

from consignments of the Atlantic Coal Company for barge movement to the Boston Elevated Railway Company, Boston, Massachusetts.

This special permit shall become effective at 6:00 p. m., December 6, 1946, and it shall expire at 11:59 p. m., December 11, 1946.

A copy of this special permit has been served upon the Association of American Railroads, Car Service Division, as agent of the railroads subscribing to the car service and per diem agreement under the terms of that agreement; and notice of this permit shall be given to the gen-

eral public by depositing a copy in the office of the Secretary of the Commission at Washington, D. C., and by filing it with the Director, Division of the Federal Register.

Issued at Washington, D. C., this 6th day of December 1946.

INTERSTATE COMMERCE
COMMISSION,
T. J. LEONARD,
Agent.

[F. R. Doc. 46-21455; Filed, Dec. 12, 1946;
8:48 a. m.]